Eligible Activities

All CDBG Eligible Activities

The Regulatory Requirements and Eligible Budget Line Item Activity Costs in this section apply to all Community Development Block Grant (CDBG) eligible activities.

Additional requirements that apply to specific activities are included in the following pages.

National Objective

Eligible activities must meet at least one (1) of the following three (3) national objectives for the CDBG program: (1) benefit persons of low and moderate income, (2) aid in the prevention or elimination of slums or blight, or (3) meet other urgent community development needs because existing conditions pose a serious and immediate threat to the health and welfare of the community where other financial resources are not available. Applicant must demonstrate how the proposed activity meets at least one (1) of the three (3) national objectives for the CDBG program.

Eligible Housing Activities

Eligible housing activities include:

- Rehabilitation of owner-occupied housing. Manufactured homes are eligible if they meet IHCDA's Manufactured Housing Policy or if rehabilitation will bring the unit up to these standards:

  A single dwelling unit designed and built in a factory, installed as a permanent residence, which bears a seal certifying that it was built in compliance with the Federal Manufactured Housing Construction and Safety Standards law and which also complies with the following specifications:

  1) Shall have been constructed after January 1, 1981, and must exceed nine hundred fifty (950) square feet of occupied space per I.C. 36-7-4-1106 (d);
  2) Is attached to a permanent foundation of masonry construction and has a permanent perimeter enclosure constructed in accordance with the One and Two Family Dwelling Code;
  3) Has wheels, axles and towing chassis removed;
  4) Has a pitched roof;
  5) Consists of two (2) or more sections which, when joined, have a minimum dimension of 20' X 47.5' enclosing occupied space; and
  6) Is located on land held by the beneficiary in fee-simple title, recorded land sale contract, or 99-year leasehold and is the principal residence of the beneficiary.

  - All other manufactured or mobile homes that do not meet the aforementioned criteria are ineligible to receive rehabilitation assistance on developments funded by the Indiana Housing and Community Development Authority.
- If there is a long-term lease agreement on the property, a ninety-nine (99)-year lease must be recorded in the county recorder's office of the county in which the property is located prior to award document preparation. See IHCDA's SIP Award Implementation Manual for additional information.
- Migrant/seasonal farm worker housing, permanent supportive housing, and rental housing maybe rehabilitated if in the form of traditional apartments, group homes, or single-room-occupancy units (SROs).
- Emergency, domestic violence or youth shelters may be rehabilitated if in the form of barracks-style housing.
- SRO housing can be rehabilitated SRO housing consists of single room dwelling units that are the primary residence of the occupant(s). If the activity consists of the conversion of non-residential space, reconstruction, SRO units <u>must</u> contain either kitchen or bathroom facilities (they may contain both). For activities involving acquisition or rehabilitation of an existing residential structure, neither kitchen nor

bathroom facilities are required to be in each unit. However, if individual units do not contain bathroom facilities, the building must contain bathroom facilities that are shared by tenants. SRO housing does not include facilities for students.

Eligible housing activities **DO NOT** include:

- Creation of secondary housing attached to a primary unit
- Acquisition, rehabilitation, or construction of nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, or student dormitories
- The provision of project-based tenant rental assistance
- Rehabilitation of mobile homes
- Acquisition, rehabilitation, or new construction located within the boundaries of a one hundred (100)-year floodplain
- Acquisition, rehabilitation, or construction of housing funded with Rental Housing Tax Credits (RHTCs)

Form of Assistance

IHCDA will provide CDBG funds to an award recipient in the form of a grant or loan. The applicant may then provide the CDBG award as a forgivable, amortized, or deferred loan to as many other entities as they choose (with the exception of owner-occupied rehabilitation). However, these other entities, known as subrecipients, must be identified in the application and approved by IHCDA. The IHCDA recipient must execute a , promissory note, mortgage, lien and restrictive covenant agreement, security agreement, UCC Financing Statement(s), and other documents as directed by IHCDA in order to secure IHCDA's investment in the assisted property. The recipient is required to deliver these documents to the county recorder's office for recording. These documents will be reviewed during monitoring visits.
A title company is required to be used for all loans that occur between the IHCDA recipient and the beneficiary or subgrantee of the program. For example, a local unit of government that chooses to provide homeowner repair and improvement funds as a loan, which is subject to recapture provisions, must use a title company when the loan is made to the homeowner. Another example is when an IHCDA recipient is assisting a property that it does not own. Since all CDBG activities, with the exception of owner-occupied rehabilitation, are made as a loan from the local unit of government to a subgrantee, a title company must be used.

If there will be proceeds generated from an award, the recipient must contact and receive approval from IHCDA regarding the reuse of these funds. The entities receiving a loan from the IHCDA recipient may not re-loan the funds to anyone else.

Additionally, all legal documents, such as mortgages, security agreements, UCC financing statements, and liens executed by the IHCDA recipient and the beneficiary or subrecipient, receiving assistance, must be recorded at the county recorders office. These documents must be submitted to IHCDA at closeout along with the IHCDA recipient's completion reports and will be reviewed during monitoring visits conducted by IHCDA staff.

The State of Indiana, Department of Financial Institutions, has determined that any community development corporation (as defined in IC 4-4-28-2) acting as a subrecipient of funds received from; the Indiana Housing and Community Development Authority is exempt from the requirements of the Consumer Credit Code set forth in (IC 24-4.5), including its loan licensing requirements. Subsequently, if you are a not for profit that does not meet these requirements, you could be subject to the loan licensing requirements as listed above.

Additionally, if your organization makes more than twenty (25) consumer loans in a year, then the loan-licensing requirements referenced above could become applicable.

Award Term

- The CDBG award must be fully expended within an eighteen (18)-monthperiod.

Leveraging Funds Requirement

- IHCDA requires a ten percent (10%) match requirement.
- If the applicant is proposing to utilize banked match for this activity:
    - And it is the applicant's own banked match, the match liability on the previous award for which the match was generated must already be met and documented with IHCDA for the match to be eligible as of the application due date. Match can only be banked on awards beginning with the 2002-2003 application package or later.
        - Or, if it is another recipient's match, the applicant must provide an executed agreement with the application verifying that the recipient is willing to donate the match.
        - Only banked match from awards made beginning with the 2002-2003 application package or later that have fully met their match liability are eligible to donate to another applicant. The award must be closed before the agreement to donate match is executed.
    - Match cannot be sold or purchased and is provided purely at the discretion of the recipient that generated it.
    - Banked match generated on a CDBG award cannot be used as match on a future HOME award.
    - Banked match generated from a HOME award may be used as match on a future CDBG award.
    - Only banked match generated on a CDBG award can be used on a future CDBG award.

Housing Activity Provisions

- All applicants are required to complete the environmental review record (ERR) and submit it to the Environmental Officer after successfully passing the Phase I SIP application process and receiving an SIP application number. Refer to the **Environmental and Historic Review User Guides** for further explanation of these requirements.
- Any local unit of government applicantmust demonstrate that it will complete an action to affirmatively further fair housing during the time frame of an award.
- Recipients, except those doing homeowner repair and improvement, will be required to provide an "after rehab" or "construction value" appraisal, whichever is appropriate, from a licensed appraiser for all property assisted with the award at the time it submits the first draw that includes hard costs. If the recipient is acquiring property an "as-is" appraisal is required to be submitted with the first draw request for acquisition reimbursement.
- Recipients will be required to provide proof of adequate builder's risk insurance, property insurance, and/or contractor liability insurance during construction and property insurance following construction for the assisted property throughout the affordability period associated with the project. Additionally, recipients doing owner-occupied rehabilitation must stipulate that adequate property insurance be maintained throughout the affordability period in its loan documents with its beneficiariares.
- The Recipient must conduct at least two (2) public hearings, for the purpose of obtaining citizens' input and formulating or responding to proposals and questions about the project. The first hearing should be conducted before submitting the application associated with Phase II of IHCDA's Strategic Investment Policy and Process. The second hearing must be conducted after the Project is completed but before the recipient submits its closeout documents. Together, the hearings must address community development and housing needs, development of proposed activities and review of program performance. A legal notice must be published to announce the meeting and the minutes of the meeting must be retained by the Recipient. It is acceptable to conduct the hearing during any regularly held public meeting, such as a town council meeting, provided all other requirements are met. Recipient must conduct the hearings in accordance with the guidance set forth in IHCDA's SIP Award Implementation Manual.

Regulatory Requirements

- Recipients must comply with all regulatory requirements listed in 24 CFR Part 570.
- Each recipient of a CDBG award must follow competitive procurement procedures for all costs intended to be reimbursed by the award.
- Emergency, youth shelter, and migrant/seasonal farm worker construction activities are subject to the Davis-Bacon wage provisions of 29 CFR Parts 1, 3, and 5. Transitional, permanent supportive, or rental housing containing a total of eight (8) or more units (this includes both assisted and non-assisted or market rate

units); under a single ownership and with similar financing will be subject to Davis-Bacon wage provisions. Each applicant should contact its Real Estate Production Analyst to confirm whether Davis Bacon for further guidance.

- Each recipient of a CDBG award is subject to the requirements of the Uniform Relocation Act. See the IHCDA's SIP Award Implementation Manual for guidance on the regulatory requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, and Federal regulations at 49 CFR Part 24 and the requirements of Section 104(d) of Title I of the Housing and Community Development Act of 1974, as amended.
- The housing, when completed, must meet the accessibility requirements of 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and applies to covered multifamily dwellings, as defined at 24 CFR 100.201. It must also meet the design and construction requirements at 24 CFR 100.205, which implement the Federal Fair Housing Act Amendments of 1988 (42 U.S.C. 3601-3619). See IHCDA's SIP Award Implementation Manual for guidance on the regulatory requirements of Section 504 Accessibility Standards.
- Each recipientof a CDBG award is subject to the HUD requirements of addressing lead-based paint hazards pursuant to 24 CFR Part 35. If a risk assessment is required, then all lead-based paint issues must be addressed. See IHCDA's SIP Award Implementation Manual for guidance on the regulatory requirements of lead-based paint.
- Each recipient of a CDBG award is required to perform an environmental and historic review on all assisted properties. For the regulatory requirements of environmental and historic review found in 24 CFR Part 58, see the Environmental Review and Historic Review User Guides or contact your IHCDA Real Estate Production Analyst at (800) 872-0371 for further guidance.

Affordability Requirements

- All CDBG subsidized activities must be secured throughout the affordability period by a recorded lien and restrictive covenant agreement created by IHCDA.
- Emergency Shelters, Youth Shelters, Migrant/Seasonal Farm worker Housing and Rental housing:

Amount of CDBG subsidy per unit or bed:	**Affordability Period**
Under $15,000	5 years
$15,000 - $40,000.00	10 years
Over $40,000.00	15 years

- Homeowner Repair and Improvement:

Amount of CDBG subsidy per unit:	**Affordability Period**
Under $5,000.00	1 year
$5,000.00 - $10,000.00	2 years
Over $10,000.00	3 years

Subsidy Limitations

- Combined CDBG funds budgeted for program delivery, award administration, and environmental review cannot exceed twenty percent (20%) of the CDBG award.

- No CDBG funds may be applied toward a developer's fee.
- No CDBG funds may be used for reserve accounts for replacement or operating costs. See the description of these costs under Ineligible Costs.

Eligible Activity Costs

The bolded items listed below are included in the application budget. If you have a question about which line item an expense goes under, contact your IHCDA Real Estate Production Analyst.

RETAINAGE POLICY - IHCDA will hold the final $5,000.00 of an award until the completion reports, leverage documentation, and closeout documentation is received and approved. Additionally, IHCDA will hold the final $5,000.00 of an award until the final monitoring has been completed and all findings and/or concerns have been resolved.

ACQUISITION – Limited to the purchase price (at or below appraised value) and related costs associated with the acquisition of real property. The recipient of a CDBG award is required to use a title company when purchasing assisted properties. If the development is acquisition only, there should be no hard costs line item in the Uses of Funds exhibit.

- **NEW CONSTRUCTION –** Only available for migrant/seasonal farm worker housing. A qualified Community Based Development Organization (CBDO) as defined by the CDBG regulations in 24 CFR 570.204(c), or by an entity carrying out an activity as defined in Section 105(a)(15) of Title 1 of the Housing and Community Development Act of 1974 as amended, must supervise the construction of this activity. For more information, see the definition of a CBDO in the IHCDA's SIP Award Implementation Manual.

Eligible costs include:

- Hard costs associated with new construction activities.
- Utility connections including off-site connections from the property line to the adjacent street.
- Related infrastructure costs - improvements to the development site that are in keeping with improvements of surrounding, standard housing activities. Site improvements may include on-site roads and water and sewer lines necessary to the development.
- Costs to construct an on-site management office, the apartment of a resident manager, or laundry or community facilities which are located within the same building as the housing and which are for the use of the tenants and their guests.
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners.
- Costs associated with lead hazard testing includes risk assessments, paint tests, dust wipes, etc. The **limits for this line item are $800.00 - $1,000.00 per unit.**

REHABILITATION – Eligible costs include:

- Hard costs associated with rehabilitation activities.
- Lead-based paint interim controls and abatement costs.
- Mold remediation.
- Utility connections including off-site connections from the property line to the adjacent street.
- Related infrastructure costs - improvements to the development site that are in keeping with improvements of surrounding, standard developments. Site improvements may include on-site roads and water and sewer lines necessary to the development.

- For multifamily rental housing, costs to rehabilitate an on-site management office, the apartment of a resident manager, or laundry or community facilities which are located within the same building as the housing and which are for the use of the tenants and their guests.
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners.

DEMOLITION – Costs associated with the demolition and clearance of existing structures.

PROGRAM DELIVERY - Program delivery costs are those costs that can be directly tracked by address. They include soft costs and client-related costs that are reasonable and necessary for the implementation and completion of the proposed activity. This line item along with administration and environmental review cannot exceed twenty percent (20%) of the CDBG request. Recipients are allowed to draw down this line item as costs are incurred. Additionally, program delivery may payoff a HOME CHDO Predevelopment or CHDO Seed Money loan but may not exceed the twenty percent (20%) line item cap.

Eligible costs include:

Engineering/Architectural Plans	Credit reports	Client in-take/income verification
Plans, specifications, work write-ups	Title searches	Impact fees
Inspections	Recording fees	
Costs estimates		Legal and accounting fees
Building permits		Utilities of assisted units(not eligible for Owner Occupied Rehabilitation)
Demolition permits	Travel to and from site	
Phase I Environmental Assessments		

- **RELOCATION -** This includes relocation payments and other relocation assistance for permanently and/or temporarily relocated individuals, families, businesses, nonprofit organizations, and farm operations where assistance is required and appropriate. Relocation payments include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket expenses for temporary relocation purposes. For additional information on relocation and displacement, please refer to the information provided in the IHCDA's SIP Award Implementation Manual.

LEAD HAZARD TESTING – Costs associated with lead hazard testing includes Risk Assessment, Clearance Test, etc. The limits for this line item are $800.00$1000.00 per unit.

ADMINISTRATION - The administration line item includes those costs directly related to administering the IHCDA award and complying with the regulations associated with these funds. This line item along with program delivery and environmental review cannot exceed twenty percent (20%) of the CDBG request and generally is between $5,000 and $10,000. Recipients are allowed to draw down this line item as costs are incurred. Costs associated with preparing an application for funding through IHCDA are not eligible for reimbursement through a CDBG award. Eligible costs include:

Staff time or professional services related to reporting, compliance, monitoring, or financial management

Postage	Office materialsand supplies	Photocopying
Office rent and utilities	Housing activity related travel	Communication costs
Lead based paint training	Housing activity related training	Staff time and professional services associated with reporting, compliance, monitoring, or financial management

ENVIRONMENTAL AND HISTORIC REVIEW – This line item includes expenses associated with the Section 106 Review and Environmental Review Release of Funds process. This does not refer to a Phase I Environmental Assessment. Those expenses should be included in the Program Delivery line item. This line item along with program delivery and administration cannot exceed twenty percent (20%) of the CDBG request. Eligible costs for this line item are generally between $2,000 and $5,000 and include professional services, publication costs, photocopying, and postage. For further information regarding this activity, please read the Environmental and Historic Review Guides contact your IHCDA Real Estate Production Analyst.

Ineligible Costs

The following costs are generally ineligible for reimbursement from CDBG funds, unless specifically listed as eligible in an individual Eligible Activity description:

- Commercial development costs - All costs associated with the construction or rehabilitation of space within a development that will be used for non-residential purposes such as offices or other commercial uses. This does not include the common area used by tenants of rental property or the leasing office of the apartment manager. CDBG awards cannot be used to underwrite any portion of commercial development costs. The expenses incurred and income to be generated from commercial space must be reported in a separate "Annual Expense Information" sheet and fifteen (15)-year proforma.
- Replacement Reserves – Funds used to initially capitalize a reserve fund used for major capital repairs to a permanent supportive or rental housing facility. These funds cannot be applied to a CDBG award. These funds can be capitalized either through operating cash flow or through the development budget on the Uses of Funds exhibit.
- Operating Reserves – Funds used to initially capitalize a reserve fund that covers operating expenses when there are rental income shortfalls over the life of a permanent supportive or rental development. This line item must be included on the Uses of Funds exhibit. These funds cannot be applied to a CDBG award.
- Developer's Fee – CDBG funds cannot be used to pay developer's fees.
- Costs associated with preparing an application for funding through IHCDA.
- Purchase or installation of luxury items, such as swimming pools or hot tubs.
- Purchase or installation of equipment, furnishings, tools, or other personal property that is not an integral structural feature, such as window air conditioner units or washers and dryers.
- Providing tenant based rental assistance.
- Mortgage default/delinquency correction or avoidance.
- Loan guarantees.
- Annual contributions for operation of public housing.

- Costs associated with any financial audit of the recipient

Emergency Shelters or Youth Shelters

Refer to the section labeled "Regulatory Requirements and Eligible Activity Costs" for additional requirements of this program.

Eligible Emergency and Youth Shelter Activities

The intent of this activity is to provide funding for the rehabilitationof facilities that provide temporary, emergency housing for homeless persons or victims of domestic violence or provide permanent housing for youth until they are of legal age. Emergency and Youth shelters are considered public facilities by the CDBG regulations and may be either owned by a public entity or a not-for-profit 501(c)3 or 501(c)4 organization. An emergency shelter is designed to provide temporary daytime and/or overnight accommodations for homeless persons and may include appropriate eating and cooking facilities. A youth shelter may include appropriate eating and cooking facilities. The housing provided must be full-time (seven (7) days a week, twenty-four (24) hours a day) and does not include daycare facilities.

Eligible Activities Include:

- Rehabilitation of Emergency and youth shelters.
- Rehabilitation of permanent supportive housing, transitional housing, and permanent rental housing must be in the form of traditional apartments, group homes, or single-room-occupancy units (SROs).
- Emergency or youth shelters may be in the form of barracks-style housing.

Eligible emergency shelter activities **DO NOT** include:

- Foster care homes owned by individuals, daycare centers, nursing homes, juvenile detention facilities, county homes, or youth camps.
- Homeless prevention activities or the use of commercial facilities for transient housing.
- Transitional housing.

Eligible Beneficiaries

- Emergency shelters must serve persons who would otherwise be homeless.
- Youth shelters must serve persons under the age of twenty-one (21) that are either wards of the State or homeless. These children may be pre-delinquent teens, or non-violent, neglected, or abused youth. This term does not include any individual imprisoned or otherwise detained under an Act of the Congress or State Law.
- Throughout the affordability period, individuals or families assisted must be persons that are members of groups presumed by HUD to be of low to moderate income (e.g., victims of domestic violence, homeless persons, or wards of the State). IHCDA presumes these same individuals to have an income at or below thirty percent (30%) of the area median income for that county; therefore, income verification is not required. This requirement remains in effect throughout the affordability period.
- Recipients of CDBG awards for rental housing will be required to report certain information about beneficiaries of assisted units to IHCDA annually throughout the affordability period in the Annual Rental Report.

<u>Migrant/Seasonal Farm Worker Housing</u>
Refer to the section labeled "Regulatory Requirements and Eligible Activity Costs" for additional requirements of this program.

Eligible Migrant/Seasonal Farm Worker Housing Activities

The intent of this activity is to provide funding for the acquisition, rehabilitation, and/or new construction of housing that is used temporarily by migrant and/or seasonal farm workers while they are working at a farm or farming -related business.

The purpose of farm worker housing is to provide decent, safe, and affordable on-farm housing to farm workers. Assistance is available through local units of government to growers who are owners of existing or vacant housing provided for low-income farm workers.

New construction is allowed only if carried out by a Community Based Development Organization (CBDO) as defined by the CDBG regulations in 24 CFR 570.204(c) or by an entity carrying out an activity as defined in Section 105(a)(15) of Title 1 of the Housing and Community Development Act of 1974 as amended. For more information, see the Definitions in the Appendices or contact your IHCDA Real Estate Production Analyst.

Eligible Activities include:
- New Construction or Rehabilitation of migrant/seasonal farm worker housing.

Eligible migrant/seasonal farm worker activities **DO NOT** include:
- Rehabilitation of dormitory or barracks style housing camps unless you are converting them to apartments or SRO units.
- The use of a facility for an emergency shelter, permanent supportive housing, permanent rental housing or transitional housing.
- CDBG funds may not be used for supportive services or operating expenses.

Eligible Beneficiaries

- Individuals or families assisted must be persons that are members of groups presumed by HUD to be of low to moderate income (i.e., migrant/seasonal farm workers) and presumed by IHCDA to be at or below thirty percent (30%) of the area median income for that county; therefore, income verification is not required. This requirement remains in effect throughout the affordability period.
- An eligible migrant/seasonal farm worker is a person employed in agricultural work of a seasonal or other temporary nature who is required to be absent overnight from his or her permanent place of residence.
- Eligible beneficiaries do <u>not</u> include immediate family members of an agricultural employer or a farm labor contractor, and temporary H-2A foreign workers. H-2A temporary foreign workers are nonimmigrant aliens authorized to work in agricultural employment in the United States for a specified time period, normally less than one (1) year.

Subsidy Limitations

- Maximum CDBG funds per bed may not exceed $20,000.00.

Migrant/Seasonal Farm Worker Housing Provisions

- All migrant/seasonal farm worker housing must provide a minimum floor space of eighty (80) square feet per occupant. All units must provide running water.
- Rehabilitation must meet all Indiana State Board of Health standards for farm worker housing. All migrant and seasonal farm worker housing must obtain a permit to operate from the Indiana State Department of Health. In addition, the construction, installation, or modification of any facility may not

begin without having a valid construction permit issued in accordance with the Indiana State Department of Health. An application for a permit to construct any facility must be made at least ninety (90) days prior to the date construction of the facility is to commence.

- Recipients of CDBG awards for migrant seasonal farm worker housing will be required to report certain information about beneficiaries of assisted units to IHCDA annually throughout the affordability period in the Annual Rental Report.

Rent Restrictions

- CDBG-assisted rental units will be rent restricted throughout the affordability period to ensure that the units are affordable to low-income households. Please refer to the most recent CDBG rent limits, which may be found on IHCDA's website.
- Published rent limits include the cost of any tenant-paid utilities. You must subtract from the published rent limit an IHCDA or HUD approved utility allowance for all utilities that the tenant will be responsible for. For example, if the rent limit in a given county is $300.00. The utility allowance for gas heat is $28.00, for other electric is $20.00, and for water is $13.00. For a unit where the tenant will pay for gas heat, other electric, and water, the maximum allowable rent would be $239.00 ($300.00 - $28.00 - $20.00 - $13.00 = $239.00).
- If an SRO-unit has neither food preparation nor sanitary facilities, or only one (1) of either, the rent may not exceed seventy-five percent (75%) of the FMR for a zero (0)-bedroom unit. For example, if the Fair Market Rent for a zero (0)-bedroom unit in a given county is $300.00. The forty-percent (40%) rent limit for an SRO unit in that county that only has a bathroom and not a kitchen would be $225.00 ($300 X .75= $225).
- If the applicant proposes to receive all or a portion of the rent payment via a tenant-based voucher (rental subsidy), the total tenant rent cannot exceed the published rent limits for the applicable income level. For example, if a tenant residing in a unit set-aside for households at or below forty percent (40%) of the area median income has a voucher that pays $100.00 of his/her rent, and the published utility allowance for tenant paid utilities for the unit is $50.00. If the published forty percent (40%) Rent Limit is $300.00, the tenant paid portion of rent cannot exceed $150.00 ($300.00 Rent Limit - $100.00 Section 8 Voucher - $50.00 Utility Allowance = $150.00 Maximum Tenant Paid Portion).
- If the development receives a federal or state project-based rent subsidy and tenants at or below fifty percent (50%) AMI pay no more than thirty percent (30%) of his/her adjusted income for rent, the maximum rent may be the rent allowable under the project-based subsidy program.
- Rent limits do not include food or the costs of supportive services.
- All tenants who occupy CDBG-assisted rental housing units must be income recertified on an annual basis. The Section 8 definition of household income applies.

Rental Rehabilitation

Refer to the section labeled "Regulatory Requirements and Eligible Activity Costs" for additional requirements of this program.

Types of Rental Housing:

- **Permanent Rental Rehabilitation:**
  The purpose of this activity is to provide funding for affordable long-term housing that will be rented to income-eligible tenants. Eligible activities include acquisition and rehabilitation. Permanent rental housing units may not be used for temporary or emergency housing at any time. Eligible rental activities also include, the acquisition or rehabilitation of assisted-living facilities as long as they meet IHCDA's definition. IHCDA defines an assisted living facility as living arrangements in which some optional services are available to residents (meals, laundry, medication reminders), but residents still live independently within the assisted-living complex. Residents of such facilities pay a regular monthly rent, and then pay additional fees for the services that they desire.

  - **Permanent Supportive Housing Rehabilitation:**
    The intent of this eligible activity is to provide funding for the acquisition and rehabilitation of long-term rental housing with ongoing supportive services available for persons who would otherwise be at risk of becoming homeless. Developments funded under this program may not be used for temporary or emergency housing at any time.

Rent Restrictions

- CDBG-assisted rental units will be rent restricted throughout the affordability period to ensure that the units are affordable to low-income households. Please refer to the most recent CDBG rent limits, which may be found on IHCDA's website.
- Published rent limits include the cost of any tenant-paid utilities. You must subtract from the published rent limit an IHCDA or HUD approved utility allowance for all utilities that the tenant will be responsible for. For example, if the rent limit in a given county is $300.00. The utility allowance for gas heat is $28.00, for other electric is $20.00, and for water is $13.00. For a unit where the tenant will pay for gas heat, other electric, and water, the maximum allowable rent would be $239.00 ($300.00 - $28.00 - $20.00 - $13.00 = $239.00).
- If an SRO-unit has neither food preparation nor sanitary facilities, or only one (1) of either, the rent may not exceed seventy-five percent (75%) of the FMR for a zero (0)-bedroom unit. For example, the Fair Market Rent for a zero (0)-bedroom unit in a given county is $300. The forty percent (40%) rent limit for an SRO unit in that county that only has a bathroom and not a kitchen would be $225 ($300 X 75% = $225).
- If the applicant proposes to receive all or a portion of the rent payment via a tenant-based voucher (rental subsidy), the total tenant rent cannot exceed the published rent limits for the applicable income level. For example, if a tenant residing in a unit set-aside for households at or below forty percent (40%) of the area median income has a voucher that pays $100.00 of his/her rent, and the published utility allowance for tenant paid utilities for the unit is $50.00. If the published forty percent (40%) Rent Limit is $300.00, the tenant paid portion of rent cannot exceed $150.00 ($300.00 Rent Limit - $100.00 Section 8 Voucher - $50.00 Utility Allowance = $150.00 Maximum Tenant Paid Portion).
- If the development receives a federal or state project-based rent subsidy and tenants at or below fifty percent (50%) AMI pay no more than thirty percent (30%) of his/her adjusted income for rent, the maximum rent may be the rent allowable under the project-based subsidy program.
- Rent limits do not include food or the costs of supportive services.
- All tenants who occupy CDBG-assisted rental housing units must be income recertified on an annual basis. The Section 8 definition of household income applies.

Underwriting Guidelines

The following are underwriting guidelines for rental developments. The numbers submitted in the application should reflect the nature and true cost of the proposed activity. IHCDA will consider any underwriting outside of these guidelines if supporting documentation is provided.

1) Total Operating Expenses - IHCDA will consider the reasonableness of operating expenses for each Development based on information submitted by the applicant. All Developments must be able to underwrite with a minimum operating expense of $2,500 per unit per year (net of taxes and reserves).

2) Management Fee– 5-7% of "effective gross income" (gross income for all units less Vacancy Rate).

# of Units	Maximum Management Fee Percentage
1 to 50 units	7%
51 to 100 units	6%
101 or more units	5%

3) Vacancy Rate – 6% - 8%

4) Rental Income Growth – 0-2%/year

5) Operating Reserves – four (4) to six (6) months (Operating Expenses plus debt service) or $1,500 per unit (whichever is greater)

6) Replacement Reserve is required for all developments and must be included in the operating budget, but is not included as part of the operating reserve. Contributions must be made to the reserve account, starting at or before the conversion date of the construction loan to permanent loan and must be funded for the term of the loan. The following minimum contributions must be used:

   a) Rehabilitation: $350 per unit per year
   b) New Construction: $250 per unit per year
   c) Single Family Units: $420 per unit per year
   d) Historic Rehabilitation $420 per unit per year

Replacement Reserve funds must only be used for Capital Improvements (substantial improvements to the real estate such as re-roofing, structural repairs, or major projects to replace or upgrade existing furnishings, but not including replacement of individual appliances or minor repairs) and must **not** be used for general maintenance expenses. Less restrictive provisions required by Lenders must be approved by IHCDA.

Replacement Reserves must escalate at a rate of 3% per year. IHCDA will at its discretion, adjust the Replacement Reserve to reflect reasonable and customary capital and replacement expenditures.

For Rehabilitation developments, the capital needs assessment will also be reviewed in determining whether sufficient reserves have been established.

7) Operating Expense Growth – 1-3%/year

IHCDA requires operating expense growth to be at least 1% higher than rental income growth.

8) Stabilized debt coverage ratio (stabilization usually occurs in year 2)

a. Large and Small City Developments: 1.15 – 1.40

b. Rural Developments: 1.15 – 1.50

(Although stabilization occurs usually in year two, the debt coverage ratio projection for a Development should not go below 1.1 during the complete 15 year Compliance Period to be considered financially feasible.)

IHCDA does recognize that rural deals will typically have higher debt coverage at the beginning of the compliance period in order to remain feasible over the fifteen years. Documentation to support these higher debt coverage ratios must be provided.

Developments without hard debt are allowed but will be subject to additional scrutiny from IHCDA. Developments submitted with no debt will not have a debt coverage ratio but will be required to have a cash flow without having an undue profit. This will be determined by a ratio of Effective Gross Income to Total Annual Expenses (including reserve for replacement). A ratio of 1.15 shall be the minimum required to be considered feasible by IHCDA in Years 1-15.

NOTE: Tax abatement may cause the debt coverage ratio to be higher than these guidelines.

Required Documentation: 1) Documentation of estimated property taxes and insurance for the proposed Development (i.e. a statement of how the applicant determined the estimated taxes and insurance for the Development); AND 2) If the underwriting is outside these guidelines, the applicant must provide a written detailed explanation with third party documentation supporting the explanation (approval of underwriting from other financing institutions/funding sources will not constitute acceptable supporting documentation).

Permanent rental, transitional, and permanent supportive housing award recipients will be required to submit a back-end underwriting form with their close out documents. IHCDA will compare this information with the original application. If there are any changes that would have originally resulted in a lower award amount, the applicant may be required to repay a portion of the award.

Eligible Housing Activities:

Eligible Activities include:
Rehabilitation or construction of migrant/seasonal farm worker housing, and rehabilitation of permanent supportive housing, and rental housing. Migrant farm worker housing, permanent supportive housing, and rental housing may be in the form of traditional apartments, group homes, or single-room-occupancy units (SROs).

Eligible housing activities **DO NOT** include:

- Costs for supportive services, homeless prevention activities, operating expenses, or for the use of commercial facilities for transient housing.

- Acquisition, rehabilitation, or construction of emergency shelters that are designed to provide temporary daytime and/or overnight accommodations for homeless persons.
- Acquisition or rehabilitation of rental developments that also have received Rental Housing Tax Credit financing.
- Using any portion of a CDBG award to fund reserve accounts for replacements and operating costs.

Eligible Beneficiaries

At initial occupancy, each household in an assisted unit must have an annual income equal to or less than eighty percent (80%) of the area median family income (adjusted for size) for the target area. The Section 8 definition of household income applies. This requirement remains in effect throughout the affordability period. All beneficiaries who occupy CDBG-assisted rental housing units must be income recertified on an annual basis.

Rental Housing Provisions

- Recipients must ensure that each tenant residing in a CDBG- assisted rental housing development must enter into a lease agreement with the owner of the development. Each lease agreement must, at a minimum, contain the provisions listed the Rental Project Requirements section of IHCDA's SIP Award Implementation Manual, and shall not contain any of HUD's prohibited lease provisions set forth 92 CFR 253(b).
- Recipients that rehabilitate or construct permanent supportive, transitional or rental housing must register vacancies for assisted housing in the Affordable Housing Database at www.indianahousingnow.org.
- Recipient must ensure that each owner of a CDBG-assisted permanent supportive, rental, and/or transitional housing development enters tenant events into IHCDA's Indiana Housing Online Management System at https://ihcdaonline.com/ within thirty (30) days of the tenant's event date. Tenant events include move-ins, move-outs, recertification, unit transfers, and rent and income changes. In addition, Annual Owner Certification Rental Reports will be required to be submitted electronically using the Indiana Housing Online Management System throughout the affordability period in the Annual Rental Report. See IHCDA's SIP Award Implementation Manual for further guidance. Beneficiaries of permanent supportive housing must receive appropriate supportive services while residing in the permanent supportive units.
- See IHCDA's SIP Award Implementation Manual for additional details and requirements for permanent supportive, rental, and/or transitional housing developments.

Homeowner Repair and Improvement

Refer to the section labeled "Regulatory Requirements and Eligible Activity Costs" for additional requirements of this program.

Eligible Homeowner Repair and Improvement Activities

The intent of this eligible activity is to provide funding for minor repairs related to health/safety, accessibility, or the rehabilitation of housing that is the owner's permanent residence. **Examples of minor repairs are an inoperable or faulty furnace, leaking roof, unsafe electrical wiring and plumbing, hazardous structural conditions, etc.**

Eligible homeowner repair and improvement activities include any single-family owner-occupied property, including a one to four family property or a condominium unit. Ownership must be in fee simple title, a 99-year leasehold interest, a life estate, a guardian's deed, or equivalent form of ownership approved by HUD or IHCDA. For homes being purchased through a land sales contract, both the buyer and seller must sign agreement documents and approve all rehabilitation, modification, or repair work.

Manufactured homes are eligible for rehabilitation, if they meet IHCDA's Manufactured Housing Policy or if rehabilitation will bring the unit up to these standards:

- A single dwelling unit designed and built in a factory, installed as a permanent residence, which bears a seal certifying that it was built in compliance with the Federal Manufactured Housing Construction and Safety Standards law and which also complies with the following specifications:
  7) Shall have been constructed after January 1, 1981, and must exceed nine hundred fifty (950) square feet of occupied space per I.C. 36-7-4-1106 (d);
  8) Is attached to a permanent foundation of masonry construction and has a permanent perimeter enclosure constructed in accordance with the One and Two Family Dwelling Code;
  9) Has wheels, axles and towing chassis removed;
  10) Has a pitched roof;
  11) Consists of two (2) or more sections which, when joined, have a minimum dimension of 20' X 47.5' enclosing occupied space; and
  12) Is located on land held by the beneficiary in fee-simple title, recorded land sale contract, or 99-year leasehold and is the principal residence of the beneficiary.
- All other manufactured or mobile homes that do not meet the aforementioned criteria are ineligible to receive rehabilitation assistance on developments funded by the Indiana Housing and Community Development Authority.

Eligible activities **DO NOT** include:

- Improvements to infrastructure when no additional rehabilitation work will occur to the house.

Eligible Beneficiaries

Each beneficiary must own the property and occupy the property as his or her principal residence throughout the affordability period.

- Each household must have an annual income equal to or less than eighty percent (80%) of the area median family income (adjusted for household size) for the target area. The Section 8 definition of household income applies.

Subsidy Limitations

CDBG funds for rehabilitation, relocation, and program delivery combined may not exceed $20,000.00perunit.

All CDBG-D Eligible Activities

The Regulatory Requirements and Eligible Budget Line Item Activity Costs in this section apply to all Community Development Block Grant Disaster Recovery Assistance (CDBG-D) eligible activities.

Additional requirements that apply to specific activities are included in the following pages.

National Objective

Eligible activities must meet at least one (1) of the following three (3) national objectives for the CDBG program: (1) benefit persons of low and moderate income, (2) aid in the prevention or elimination of slums or blight, or (3) meet other urgent community development needs because existing conditions pose a serious and immediate threat to the health and welfare of the community where other financial resources are not available. Applicant must demonstrate how the proposed activity meets at least one (1) of the three (3) national objectives for the CDBG program.

Eligible Housing Activities

This program is intended to have a long-term impact on the availability and quality of the affordable housing stock in communities devastated by the disasters of 2008. Rehabilitation, new construction or acquisition of rental housing, rehabilitation of owner-occupied housing, and rehabilitation and construction of certain public facilities that are not available through the Office of Community and Rural Affairs.

Form of Assistance

IHCDA will provide CDBG-D funds to an award recipient in the form of a grant or loan. The applicant may then provide the CDBG-D award as a forgivable, amortized, or deferred loan to as many other entities as they choose (with the exception of owner-occupied rehabilitation). However, these entities, known as subgrantees, must be identified in the application and approved by IHCDA. The IHCDA recipient must execute a loan agreement, promissory note, mortgage, security agreement, UCC financing statement(s), ; and a lien and restrictive covenant agreement, and other documents as directed by IHCDA to secure its interest in the assisted property. The recipient is required to deliver these documents to the county recorder's office for recording. These documents will be reviewed during monitoring visits.

A title company is required to be used for all loans that occur between the IHCDA recipient and the beneficiary or subgrantee of the program.
If there will be proceeds from an award, the recipient must contact and receive approval from IHCDA regarding the reuse of these funds. The entities receiving a loan from the IHCDA award recipient may not reloan the funds to anyone else.

The State of Indiana, Department of Financial Institutions, has determined that any community development corporation (as defined in IC 4-4-28-2) acting as a subrecipient of funds received from; the Indiana Housing and Community Development Authority is exempt from the requirements of the Consumer Credit Code set forth in (IC 24-4.5), including its loan licensing requirements. Subsequently, if you are a not for profit that does not meet these requirements, you could be subject to the loan licensing requirements as listed above.

Additionally, if your organization makes more than twenty (25) consumer loans in a year, then the loan-licensing requirements referenced above could become applicable.

Award Term

- The CDBG-D award must be fully expended within an eighteen (18)-month term.

Leveraging Funds Requirement

There is no match or leveraging requirement for this funding source; however, matching or leveraging funds is highly encouraged. Any eligible match/leverage used for an award funded with this funding source will be documented. These eligible sources of match/leverage may be used or shared to meet requirements for a future housing activity. Please contact your IHCDA Real Estate Production Analyst to discuss eligible forms of match/leverage.

Housing Activity Provisions

- All applicants are required to complete the environmental review record (ERR) and submit it to the Environmental Officer after successfully passing the Phase I SIP application process and receiving an SIP application number. Refer to the **Environmental and Historic Review User Guides** for further explanation of these requirements.
- Each local unit of government applicant must demonstrate that it will complete an action to affirmatively further fair housing during the time frame of an award.
- Award recipients, except those doing homeowner repair and improvement, will be required to provide an "after rehab" or "construction value" appraisal, whichever is appropriate, from a licensed appraiser for all property assisted with the award with the first draw that includes hard costs. If the applicant is acquiring property an "as-is" appraisal is required with the first draw request for acquisition reimbursement.
- Award recipients will be required to provide proof of adequate builder's risk insurance, property insurance, and/or contractor liability insurance during construction and property insurance following construction for the assisted property throughout the affordability period of the award. Additionally, recipients doing owner-occupied rehabilitation must also stipulate that adequate property insurance be maintained throughout the affordability period in their beneficiary loan documents.
- The Recipient must conduct at least two (2) public hearings, for the purpose of obtaining citizens' input and formulating or responding to proposals and questions about the Project. The first hearing should be conducted before submitting the application associated with Phase II of IHCDA's Strategic Investment Policy and Process. The second hearing must be conducted after the Project is completed. Together, the hearings must address community development and housing needs, development of proposed activities and review of program performance. A legal notice must be published to announce the meeting and the minutes of the meeting must be retained by the Recipient. It is acceptable to conduct the hearing during any regularly held public meeting, such as a town council meeting, provided all other requirements are met. Recipient must conduct the hearings in accordance with the guidance set forth in IHCDA's SIP Award Implementation Manual.

Regulatory Requirements

- Recipients must comply with all regulatory CDBG requirements listed in 24 CFR Part 570, that were not granted a regulatory waiver by HUD or IHCDA. Each recipient of a CDBG-D award must follow competitive procurement procedures for all costs intended to be reimbursed by the award.
- The Davis-Bacon Act applies to awards for the following activities that are funded in whole or in part by CDBG-D funds: (1) the rehabilitation or new construction of residential property containing a total of eight (8) or more units (this includes both assisted and non-assisted or market rate units); or (2) the construction, alteration and/or repair, or painting of a public building or facility (such as shelters or migrant farm worker housing; or (3) any construction work on non-residential property valued at more than $2,000.00. Therefore, if CDBG-D funds finance only a portion of the construction work, labor standards are applicable to the entire project.
- Activities involving the construction of public facilities are subject to the Davis-Bacon wage provisions of 29 CFR Parts 1, 3, and 5. Transitional, permanent supportive, or rental housing with eight (8) or more units under a single ownership and with similar financing will be subject to Davis-Bacon wage provisions. Applicants should contact their Real Estate Production Analyst for further guidance.
- Each recipient of a CDBG-D award is subject to the requirements of the Uniform Relocation Act. See IHCDA's SIP Award Implementation Manual for guidance on the regulatory requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, and Federal

regulations at 49 CFR Part 24 and the requirements of Section 104(d) of Title I of the Housing and Community Development Act of 1974, as amended.

- All housing, when completed, must meet the accessibility requirements of 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and applies to covered multifamily dwellings, as defined at 24 CFR 100.201. It must also meet the design and construction requirements at 24 CFR 100.205, which implement the Federal Fair Housing Act Amendments of 1988 (42 U.S.C. 3601-3619). See IHCDA's SIP Award Implementation Manual for guidance on the regulatory requirements of Section 504 Accessibility Standards.
- Each recipient of a CDBG-D award is subject to the HUD requirements of addressing lead-based paint hazards required by 24 CFR Part 35. If a risk assessment is required, then all lead-based paint issues must be addressed. See IHCDA's SIP Award Implementation Manual for guidance on the regulatory requirements of lead-based paint.
- Each recipient of a CDBG-D award is required to perform an environmental and historic review on all assisted properties. For the regulatory requirements of environmental and historic review found in 24 CFR Part 58, see the Environmental Review and Historic Review User Guides or contact your IHCDA Real Estate Production Analyst at (800) 872-0371 for further guidance.

Duplication of Benefits Certification

The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act), prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster as to which he has received financial assistance under any other program or from insurance or any other source.

A Duplication of Benefits situation would occur if a household received funds from FEMA, Insurance, SBA, or another source to fix damage caused by the disaster, and then also applied for and received funding under the CDBG-D program for the same purpose, to make repairs or replace the damaged home.

Applicants are required to verify the amount received from other sources, and also how those funds were used to ensure duplication of benefits will not occur.

The amount of assistance provided to the applicant must be reduced by the amount of assistance received from other sources (FEMA, SBA, Insurance, etc.) for the same need, repair, or loss.

Each recipient must perform a duplication of benefits calculation for each beneficiary assisted with CDBG-D funds (as directed by IHCDA). Each recipient must ensure that each beneficiary assisted with CDBG-D funds executes a certification (to be provided to the recipient by IHCDA). This certification must be maintained in the recipient's client files. This certification must also be executed by owners of single family or multi-family rental housing units that receive CDBG-D funds for rehabilitation, in this case the owner would be the beneficiary. This certification does not need to be executed by tenants residing in multi-family rental units acquired, constructed, or rehabilitated with CDBG-D funds.

Affordability Requirements

All CDBG-D subsidized properties must be secured throughout the affordability period by recorded lien and restrictive covenant agreement created by IHCDA.

- Rental housing:

Amount of CDBG-D subsidy per unit:	Affordability Period
Under $15,000	5 years
$15,000 - $40,000	10 years
Over $40,000	15 years

- Homeowner Repair and Improvement:

Amount of CDBG-D subsidy per unit:	Affordability Period
Under $5,000.00	1 year
$5,000.00 - $10,000.00	2 years
Over $10,000.00	3 years

Subsidy Limitations

- Combined CDBG-D funds budgeted for program delivery, award administration, and environmental review cannot exceed twenty (20%) of the CDBG-D award.
- No CDBG-D funds may be applied toward a developer's fee.
- No CDBG-D funds may be used to fund reserve accounts for replacement or operating costs. See the description of these costs under Ineligible Costs.

Eligible Activity Costs

The bolded items listed below are included in the application budget. If you have a question about which line item an expense goes under, contact your IHCDA Real Estate Production Analyst.

RETAINAGE POLICY - IHCDA will hold the final $5,000.00 of an award until the completion reports, leverage documentation, and closeout documentation is received and approved. Additionally, IHCDA will hold the final $5,000.00 of an award until the final monitoring has been completed and all findings and/or concerns have been resolved.

ACQUISITION – Limited to the purchase price (at or below appraised value) and related costs associated with the acquisition of real property. The recipient of a CDBG-D award is required to use a title company when purchasing assisted properties. If the development is acquisition only, there should be no hard costs line item in the Uses of Funds exhibit.

NEW CONSTRUCTION – Eligible costs include:

- Hard costs associated with new construction activities.
- Utility connections including off-site connections from the property line to the adjacent street.

- Related infrastructure costs - improvements to the development site that are in keeping with improvements of surrounding, standard housing activities. Site improvements may include on-site roads and water and sewer lines necessary to the development.
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners.

REHABILITATION – Eligible costs include:

- Hard costs associated with rehabilitation activities.
- Lead-based paint interim controls and abatement costs.
- Mold remediation.
- Utility connections including off-site connections from the property line to the adjacent street.
- Related infrastructure costs - improvements to the development site that are in keeping with improvements of surrounding, standard developments. Site improvements may include on-site roads and water and sewer lines necessary to the development.
- For multifamily rental housing, costs to rehabilitate an on-site management office, the apartment of a resident manager, or laundry or community facilities which are located within the same building as the housing and which are for the use of the tenants and their guests.
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners.

Costs associated with lead hazard testing includes risk assessments, paint tests, dust wipes, etc. The limits for this line item are $800 - $1,000 per unit.

DEMOLITION – Costs associated with the demolition and clearance of existing structures.

PROGRAM DELIVERY - Program delivery costs are those costs that can be directly tracked by address. They include soft costs and client-related costs that are reasonable and necessary for the implementation and completion of the proposed activity. This line item along with administration and environmental review cannot exceed twenty percent (20%) of the CDBG-D request. Recipients are allowed to draw down this line item as costs are incurred. Additionally, program delivery may payoff a HOME CHDO Predevelopment or CHDO Seed Money loan but may not exceed the twenty percent (20%) line item cap.

Eligible costs include:

Engineering/Architectural Plans	Credit reports	Client in-take/income verification
Plans, specifications, work write-ups	Title searches	Impact fees
Inspections	Recording fees	
Costs estimates		Legal and accounting fees
Building permits		Utilities of assisted units
Demolition permits	Travel to and from site	
Phase I Environmental Assessments		

RELOCATION - This includes relocation payments and other relocation assistance for permanently and/or temporarily relocated individuals, families, businesses, nonprofit organizations, and farm operations where assistance is required and appropriate. Relocation payments include replacement housing payments,

payments for moving expenses, and payments for reasonable out-of-pocket expenses for temporary relocation purposes. For additional information on relocation and displacement, please refer to the information provided in IHCDA's SIP Award Implementation Manual.

LEAD HAZARD TESTING – Costs associated with lead hazard testing includes Risk Assessment, Clearance Test, etc. The limits for this line item are $800.00-$1000.00 per unit.

ADMINISTRATION - The administration line item includes those costs directly related to administering the IHCDA award and complying with the regulations associated with these funds. This line item along with program delivery and environmental review cannot exceed twenty percent (20%) of the CDBG-D request and generally is between $5,000.00 and $10,000.00. Recipients are allowed to draw down this line item as costs are incurred. Cost associated with preparing any application for funding through IHCDA are not eligible for reimbursement through a CDBG-D award.

Eligible costs include:

Staff salaries, and related costs of the recipient's staff associated with reporting, compliance, monitoring, or financial management

Travel costs incurred for official business in carrying out the program

Other costs for goods and services required for administration of the program. Including such goods and services as rental of equipment, insurance, utilities, office supplies, and rental of office space.

ENVIRONMENTAL AND HISTORIC REVIEW – This line item includes expenses associated with the Section 106 Review and Environmental Review Release of Funds process. This does not refer to a Phase I Environmental Assessment. Those expenses should be included in the Program Delivery line item. This line item along with program delivery and administration cannot exceed twenty percent (20%) of the CDBG-D request. Eligible costs for this line item are generally between $2,000.00 and $5,000.00 and include professional services, publication costs, photocopying, and postage. For further information regarding this activity, please read the Environmental and Historic Review Guides contact your IHCDA Real Estate Production Analyst.

Ineligible Costs

The following costs are generally ineligible for reimbursement from CDBG-D funds, unless specifically listed as eligible in an individual Eligible Activity description:

- Commercial development costs **-** All costs associated with the construction or rehabilitation of space within a development that will be used for non-residential purposes such as offices or other commercial uses, except as otherwise allowed for applicants awarded this funding through the Stellar Communities Program. This does not include the common area used by tenants of rental property or the leasing office of the apartment manager. CDBG-D awards cannot be used to underwrite any portion of commercial development costs, except as otherwise allowed for applicants awarded this funding through the Stellar Communities Program. The expenses incurred and income to be generated from commercial space must be reported in a separate "Annual Expense Information" sheet and fifteen (15)-year proforma , except as otherwise allowed for applicants awarded this funding through the Stellar Communities Program.
- Replacement Reserves – Funds used to initially capitalize a reserve fund used for major capital repairs to a permanent supportive or rental housing facility. These funds cannot be applied to a CDBG-D award. These funds can be capitalized either through operating cash flow or through the development budget on the Uses of Funds exhibit.
- Operating Reserves – Funds used to initially capitalize a reserve fund that covers operating expenses when there are rental income shortfalls over the life of a permanent supportive or rental development.

This line item <u>must be</u> included on the Uses of Funds exhibit. These funds cannot be applied to a CDBG-D award.

- Developer's Fee – CDBG-D funds cannot be used to pay a developer's fees.
- Costs associated with preparing an application for funding through IHCDAPurchase or installation of luxury items, such as swimming pools or hot tubs.
- Purchase or installation of equipment, furnishings, tools, or other personal property that is not an integral structural feature, such as window air conditioner units or washers and dryers.
- Tenant based rental assistance.
- Mortgage default/delinquency correction or avoidance.
- Loan guarantees.
- Annual contributions for operation of public housing.
- Costs associated with any financial audit of the recipient.

Rental

Refer to the section labeled "Regulatory Requirements and Eligible Activity Costs" for additional requirements of this program.

Types of Rental Housing:

- **Permanent Rental Rehabilitation:**
  Eligible rental activities include acquisition, rehabilitation, rehabilitation/refinance, or new construction. The purpose of this eligible activity is to provide funding for permanent housing that will be rented to income-eligible tenants.

- **Permanent Supportive Housing Rehabilitation:**
  Eligible rental activities include assisted living facilities as long as they meet IHCDA's definition. IHCDA defines an assisted living facility as living arrangements in which some optional services are available to residents (meals, laundry, medication reminders), but residents still live independently within the assisted living complex. Residents of such facilities pay a regular monthly rent, and then pay additional fees for the services that they desire.

Rent Restrictions

- CDBG-D-assisted rental units will be rent restricted throughout the affordability period to ensure that the units are affordable to low-income households. Please refer to the most recent CDBG-D rent limits, which may be found on IHCDA's website.
- Published rent limits include the cost of any tenant-paid utilities. You must subtract from the published rent limit an IHCDA or HUD approved utility allowance for all utilities that the tenant will be responsible for. For example, if the rent limit in a given county is $300.00. The utility allowance for gas heat is $28.00, for other electric is $20.00, and for water is $13.00. For a unit where the tenant will pay for gas heat, other electric, and water, the maximum allowable rent would be $239.00 ($300.00 - $28.00 - $20.00 - $13.00 = $239.00).
- If an SRO-unit has neither food preparation nor sanitary facilities, or only one (1) of either, the rent may not exceed seventy-five percent (75%) of the FMR for a zero (0)-bedroom unit. For example, if the Fair Market Rent for a zero (0)-bedroom unit in a given county is $300.00. The forty-percent (40%) rent limit for an SRO unit in that county that only has a bathroom and not a kitchen would be $225.00 ($300 X .75= $225).
- If the applicant proposes to receive all or a portion of the rent payment via a tenant-based voucher (rental subsidy), the total tenant rent cannot exceed the published rent limits for the applicable income level. For example, if a tenant residing in a unit set-aside for households at or below forty percent (40%) of the area median income has a voucher that pays $100.00 of his/her rent, and the published utility allowance for tenant paid utilities for the unit is $50.00. If the published forty percent (40%) Rent Limit is $300.00, the tenant paid portion of rent cannot exceed $150.00 ($300.00 Rent Limit - $100.00 Section 8 Voucher - $50.00 Utility Allowance = $150.00 Maximum Tenant Paid Portion).
- If the development receives a federal or state project-based rent subsidy and tenants at or below fifty percent (50%) AMI pay no more than thirty percent (30%) of his/her adjusted income for rent, the maximum rent may be the rent allowable under the project-based subsidy program.
- Rent limits do not include food or the costs of supportive services.
- All tenants who occupy CDBG-D-assisted rental housing units must be income recertified on an annual basis. The Section 8 definition of household income applies.

Underwriting Guidelines

1) Total Operating Expenses - IHCDA will consider the reasonableness of operating expenses for each Development based on information submitted by the applicant. All Developments must be able to underwrite with a minimum operating expense of $2,500 per unit per year (net of taxes and reserves).

2) Management Fee– 5-7% of "effective gross income" (gross income for all units less Vacancy Rate).

# of Units	Maximum Management Fee Percentage
1 to 50 units	7%
51 to 100 units	6%
101 or more units	5%

3) Vacancy Rate – 6% - 8%

4) Rental Income Growth – 0-2%/year

5) Operating Reserves – four (4) to six (6) months (Operating Expenses plus debt service) or $1,500 per unit (whichever is greater)

6) Replacement Reserve is required for all developments and must be included in the operating budget, but is not included as part of the operating reserve. Contributions must be made to the reserve account, starting at or before the conversion date of the construction loan to permanent loan and must be funded for the term of the loan. The following minimum contributions must be used:

   e) Rehabilitation: $350 per unit per year
   f) New Construction: $250 per unit per year
   g) Single Family Units: $420 per unit per year
   h) Historic Rehabilitation $420 per unit per year

Replacement Reserve funds must only be used for Capital Improvements (substantial improvements to the real estate such as re-roofing, structural repairs, or major projects to replace or upgrade existing furnishings, but not including replacement of individual appliances or minor repairs) and must **not** be used for general maintenance expenses. Less restrictive provisions required by Lenders must be approved by IHCDA.

Replacement Reserves must escalate at a rate of 3% per year. IHCDA will at its discretion, adjust the Replacement Reserve to reflect reasonable and customary capital and replacement expenditures.

For Rehabilitation developments, the capital needs assessment will also be reviewed in determining whether sufficient reserves have been established.

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7) Operating Expense Growth – 1-3%/year
IHCDA requires operating expense growth to be at least 1% higher than rental income growth.

8) Stabilized debt coverage ratio (stabilization usually occurs in year 2)

c. Large and Small City Developments: 1.15 – 1.40

d. Rural Developments: 1.15 – 1.50

(Although stabilization occurs usually in year two, the debt coverage ratio projection for a Development should not go below 1.1 during the complete 15 year Compliance Period to be considered financially feasible.)

IHCDA does recognize that rural deals will typically have higher debt coverage at the beginning of the compliance period in order to remain feasible over the fifteen years. Documentation to support these higher debt coverage ratios must be provided.

Developments without hard debt are allowed but will be subject to additional scrutiny from IHCDA. Developments submitted with no debt will not have a debt coverage ratio but will be required to have a cash flow without having an undue profit. This will be determined by a ratio of Effective Gross Income to Total Annual Expenses (including reserve for replacement). A ratio of 1.15 shall be the minimum required to be considered feasible by IHCDA in Years 1-15.

NOTE: Tax abatement may cause the debt coverage ratio to be higher than these guidelines.

Required Documentation: 1) Documentation of estimated property taxes and insurance for the proposed Development (i.e. a statement of how the applicant determined the estimated taxes and insurance for the Development); AND 2) If the underwriting is outside these guidelines, the applicant must provide a written detailed explanation with third party documentation supporting the explanation (approval of underwriting from other financing institutions/funding sources will not constitute acceptable supporting documentation).

Rental and permanent supportive housing award recipients will be required to submit a back-end underwriting form with their close out documents. IHCDA will compare this information with the original application. If there are any changes that would have originally resulted in a lower award amount, the applicant may be required to repay a portion of the award.

Eligible Housing Activities:

Eligible Activities include:

- Rehabilitation of transitional, permanent supportive housing, migrant farm worker housing and permanent rental housing. Migrant farm worker housing, permanent supportive housing, and rental housing may be in the form of traditional apartments, group homes, or single-room-occupancy units (SROs).

Eligible housing activities **DO NOT** include:

- Costs for supportive services, homeless prevention activities, operating expenses, or for the use of commercial facilities for transient housing.
- Emergency shelters that are designed to provide temporary daytime and/or overnight accommodations for homeless persons.
- Rental developments that also have Rental Housing Tax Credit financing.
- Reserve accounts for replacements and operating costs.

Eligible Beneficiaries

At initial occupancy, each household in an assisted unit must have an annual income equal to or less than eighty percent (80%)of the area median family income (adjusted for size) for the target area. The Section 8 definition of household income applies. This requirement remains in effect throughout the affordability period. All beneficiaries who occupy CDBG-D-assisted rental housing units must be income recertified on an annual basis.

- Recipients of CDBG-D awards for rental housing will be required to report certain information about beneficiaries of assisted units to IHCDA annually throughout the affordability period in the Annual Rental Report.

Rental Housing Provisions

- Recipients must ensure that each tenant residing in a CDBG- assisted rental housing development must enter into a lease agreement with the owner of the development. Each lease agreement must, at a minimum, contain the provisions listed the Rental Project Requirements section of IHCDA's SIP Award Implementation Manual, and shall not contain any of HUD's prohibited lease provisions set forth 92 CFR 253(b).
- Recipients that rehabilitate or construct permanent supportive, transitional or permanent rental housing must register vacancies for assisted housing in the Affordable Housing Database at www.indianahousingnow.org.
- Recipient must ensure that each owner of a CDBG-D assisted permanent supportive, permanent rental, and/or transitional housing development enters tenant events into IHCDA's Indiana Housing Online Management System at https://ihcdaonline.com/ within thirty (30) days of the tenant's event date. Tenant events include move-ins, move-outs, recertification, unit transfers, and rent and income changes. In addition, Annual Owner Certification Rental Reports will be required to be submitted electronically using the Indiana Housing Online Management System throughout the affordability period in the Annual Rental Report. See IHCDA's SIP Award Implementation Manual for further guidance.

- Beneficiaries of permanent supportive housing must receive appropriate supportive services while residing in the permanent supportive units.

Homeowner Repair and Improvement

Refer to the section labeled “Regulatory Requirements and Eligible Activity Costs” for additional requirements of this program.

Eligible Homeowner Repair and Improvement Activities

The intent of this eligible activity is to provide funding for minor repairs related to health/safety, accessibility, or the rehabilitation of housing that is the owner’s permanent residence. **Examples of minor repairs are an inoperable or faulty furnace, leaking roof, unsafe electrical wiring and plumbing, hazardous structural conditions, etc.**

Eligible homeowner repair and improvement activities include any single-family owner-occupied property, including a one (1) to four (4) family property or a condominium unit. Ownership must be in fee simple title, a ninety-nine (99)-year leasehold interest, a life estate, a guardian’s deed, or equivalent form of ownership approved by HUD or IHCDA. For homes being purchased through a land sales contract, both the buyer and seller must sign agreement documents and approve all rehabilitation, modification, or repair work.

Manufactured homes are eligible for rehabilitation, if they meet IHCDA’s Manufactured Housing Policy or if rehabilitation will bring the unit up to these standards:

- A single dwelling unit designed and built in a factory, installed as a permanent residence, which bears a seal certifying that it was built in compliance with the Federal Manufactured Housing Construction and Safety Standards law and which also complies with the following specifications:
  13) Shall have been constructed after January 1, 1981, and must exceed nine hundred fifty (950) square feet of occupied space per I.C. 36-7-4-1106 (d);
  14) Is attached to a permanent foundation of masonry construction and has a permanent perimeter enclosure constructed in accordance with the One and Two Family Dwelling Code;
  15) Has wheels, axles and towing chassis removed;
  16) Has a pitched roof;
  17) Consists of two (2) or more sections which, when joined, have a minimum dimension of 20’ X 47.5’ enclosing occupied space; and
  18) Is located on land held by the beneficiary in fee-simple title, recorded land sale contract, or 99-year leasehold and is the principal residence of the beneficiary.
- All other manufactured or mobile homes that do not meet the aforementioned criteria are ineligible to receive rehabilitation assistance on developments funded by the Indiana Housing and Community Development Authority.

Eligible activities **DO NOT** include:

- Improvements to infrastructure when no additional rehabilitation work will occur to the house.

Eligible Beneficiaries

- Each beneficiary must own the property and occupy the property as his or her principal residence.
- Each household must have an annual income equal to or less than eighty percent (80%) of the area median family income (adjusted for household size) for the target area. The Section 8 definition of household income applies.

Subsidy Limitations

CDBG-D funds for rehabilitation, relocation, and program delivery combined may not exceed $20,000.00 per unit.

Duplication of Benefits Certification

The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act), prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster as to which he has received financial assistance under any other program or from insurance or any other source.

A Duplication of Benefits situation would occur if a household received funds from FEMA, Insurance, SBA, or another source to fix damage caused by the disaster, and then also applied for and received funding under the CDBG-D program for the same purpose, to make repairs or replace the damaged home.

Applicants are required to verify the amount received from other sources, and also how those funds were used to ensure duplication of benefits will not occur.

The amount of assistance provided to the applicant must be reduced by the amount of assistance received from other sources (FEMA, SBA, Insurance, etc.) for the same need, repair, or loss.

Each recipient must perform a duplication of benefits calculation for each beneficiary assisted with CDBG-D funds (as directed by IHCDA). Each recipient must ensure that each beneficiary assisted with CDBG-D funds executes a certification (to be provided to the recipient by IHCDA). This certification must be maintained in the recipient's client files. This certification must also be executed by owners of single family or multi-family rental housing units that receive CDBG-D funds for rehabilitation, in this case the owner would be the beneficiary. This certification does not need to be executed by tenants residing in multi-family rental units acquired, constructed, or rehabilitated with CDBG-D funds. .

All HOME-Eligible Activities

The policies and procedures in this section apply to all HOME eligible activities. Additional requirements that apply to specific activity types are included following this section.

Eligible Housing Activities

IHCDA encourages investments that will preserve housing units as decent, safe, and affordable for the long term. With HOME-funded activities, the completed development must meet the more stringent of the local building code or the Indiana State Building Code. Emergency repair, weatherization, or minor improvement activities are not eligible for this program.

Eligible housing activities include:

- Acquisition, rehabilitation, and/or new construction of transitional, permanent supportive, or rental housing. Transitional, permanent supportive, or rental housing can be provided in the form of traditional apartments, group homes, or single room occupancy units (SROs).
- SRO housing consists of single room dwelling units that are the primary residence of the occupant(s). If the activity consists of new construction, conversion of non-residential space, or reconstruction, SRO units must contain either kitchen or bathroom facilities (they may contain both). For activities involving acquisition or rehabilitation of an existing residential structure, neither kitchen nor bathroom facilities are required to be in each unit. However, if individual units do not contain bathroom facilities, the building must contain bathroom facilities that are shared by tenants. SRO housing does not include facilities for students.
- Acquisition, rehabilitation, and/or new construction of Single-family housing
- Manufactured homes are eligible if they meet Manufactured Housing Policy or if rehabilitation will bring unit up to these standards:
- A single dwelling unit designed and built in a factory, installed as a permanent residence, which bears a seal certifying that it was built in compliance with the Federal Manufactured Housing Construction and Safety Standards law and which also complies with the following specifications:
    1. Shall have been constructed after January 1, 1981, and must exceed nine hundred fifty (950) square feet of occupied space per I.C. 36-7-4-1106 (d);
    2. Is attached to a permanent foundation of masonry construction and has a permanent perimeter enclosure constructed in accordance with the One and Two Family Dwelling Code;
    3. Has wheels, axles and towing chassis removed;
    4. Has a pitched roof;
    5. Consists of two (2) or more sections which, when joined, have a minimum dimension of 20' X 47.5' enclosing occupied space; and
    6. Is located on land held by the beneficiary in fee-simple title, recorded land sale contract, or 99-year leasehold and is the principal residence of the beneficiary.
       - All other manufactured or mobile homes that do not meet the aforementioned criteria are ineligible to receive rehabilitation assistance on developments funded by the Indiana Housing and Community Development Authority.
- Applicants applying for HOME funds for developments that previously received other sources of IHCDA funding (including RHTCs and LIHTF) will be allowed. However, these developments will be subject to analysis under the current underwriting requirements set forth in the application. Any previously funded RHTC development must have received its Form 8609 more than five (5) years prior to submitting its application through the SIP..
- Applicants applying for HOME funds for developments that previously received HOME funding should refer to the Eligible Activities section for a description of "Supplemental HOME."

Eligible housing activities **DO NOT** include:

- Acquisition, rehabilitation or construction of nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, and student dormitories.
- Performing owner-occupied rehabilitation
- Rehabilitation of mobile homes.
- Acquisition, rehabilitation, refinancing, or new construction located within the boundaries of a one hundred (100)-year floodplain.
- Creation of secondary housing unit(s) attached to a primary unit.
- Acquisition, rehabilitation or construction of any developments that will be applying for rental housing tax credits (RHTC). These developments **must** apply for HOME funds as part of the RHTC application (also called the Qualified Allocation Plan).
- Any housing activity funded under Title VI of NAHA, prepayment of mortgages insured under the National Housing Act, public housing developments, or acquisition, rehabilitation or construction of any developments funded under HUD's former Rental Rehabilitation Program.
- Costs for supportive services, homeless prevention activities, operating expenses, or for the use of commercial facilities for transient housing.
- Acquisition, rehabilitation or construction of emergency shelters that are designed to provide temporary daytime and/or overnight accommodations for homeless persons.
- Payment of HOME loan servicing fees or loan origination costs.
- Tenant-based rental assistance.
- Payment of back taxes.

Form of Assistance

IHCDA will provide HOME funds to a recipient in the form of a grant or loan. Award documents must be executed in order to access funds and may include, but are not limited to: award agreement, resolution, and declaration of affordability commitment.

The applicant may then provide the HOME award as a forgivable, amortized, or deferred loan to as many other entities as they choose, known as subgrantees (beneficiaries if a homebuyer award). However, subgrantees must be identified in the application and approved by IHCDA.

A title company is required to be used for all loans that occur between the IHCDA recipient and the beneficiary or subgrantee of the program. For example, an IHCDA recipient providing funds for a homebuyer activity must use a title company when the loan is made to the homeowner. Another example is when an IHCDA recipient is assisting a property that that it does not own. When the loan is made from the IHCDA recipient to the subgrantee, a title company must be used.

The IHCDA recipient must execute a promissory note, mortgage, lien and restrictive covenant agreement, security agreement, UCC Financing Statement(s), and other documents as directed by IHCDA in order to secure IHCDA's investment in the assisted property. The recipient is required to deliver these documents to the county recorder's office for recording. These documents will be reviewed during monitoring visits.

If there will be proceeds from this award, the recipient must contact and get approval from IHCDA regarding the reuse of these funds. The entities receiving the loans from the IHCDA recipient may not re-loan the funds to any other organizations or individuals.

Additionally, all legal documents, such as mortgages, security agreements, UCC financing statements, and liens executed by the IHCDA recipient and the beneficiary or subrecipient, receiving assistance, must be recorded at the county recorders office. These documents must be submitted to IHCDA at closeout along with the IHCDA recipient's completion reports and will be reviewed during monitoring visits conducted by IHCDA staff.

The State of Indiana, Department of Financial Institutions, has determined that any community development corporation (as defined in IC 4-4-28-2) acting as a subrecipient of funds received from;

the Indiana Housing and Community Development Authority is exempt from the requirements of the Consumer Credit Code set forth in (IC 24-4.5), including its loan licensing requirements. Subsequently, if you are a not for profit that does not meet these requirements, you could be subject to the loan licensing requirements as listed above.

Additionally, if your organization makes more than twenty (25) consumer loans in a year, then the loan-licensing requirements referenced above could become applicable.

Award Term

- The HOME award must be fully expended within a twenty-four (24)-month term.

Matching Funds Requirement

- The HOME Program requires a twenty-five percent (25%) match.
- If the applicant is proposing to utilize banked match for this activity:
  - And it is the applicant's own banked match, the match liability on the previous award for which the match was generated must already be met and documented with IHCDA for the match to be eligible as of the application due date. Only HOME-eligible match generated on IHCDA awards made in 1999 or later are eligible to be banked.
    - Or, if it is another recipient's match, the applicant must provide an executed agreement with the application verifying that the recipient is willing to donate the match.
    - Only banked match from awards made in 1999 or later that have fully met its match liability are eligible to be donated to another applicant. The award must be closed before the agreement to donate match is executed.
  - Match cannot be sold or purchased and is provided purely at the discretion of the recipient that generated it.
  - Banked match becomes eligible for use after the full monitoring clearance date of the award.

Housing Activity Provisions

- All applicants are required to complete the environmental review record (ERR) and submit it to the Environmental Officer after successfully passing the Phase 1 SIP application process and receiving an application number. Refer to the Environmental and Historic Review User guides for further explanation of these requirements.
- Applicants may not purchase any property to be assisted with HOME funds until the environmental and historic review process has been completed.
- If the applicant is proposing to conduct an acquisition only activity; at the time of application submission
  - It must certify that there will be no rehabilitation work as part of this undertaking and that the property to be purchased meets the stricter of the Indiana State Building Code or local building code at the time of application.
  - No environmental or historic review is required for such activities.
  - The structure must be inspected by the IHCDA Community Development Inspector prior to Submitting the application associated with Phase II of the SIP..
- Local units of government or township applicants must demonstrate that it will complete an action to affirmatively further fair housing during the timeframe of an award.
- Recipients will be required to provide proof of adequate builder's risk insurance, property insurance, and/or contractor liability insurance during construction and property insurance following construction for all assisted properties throughout the affordability period. Additionally, recipients of a homebuyer award must also stipulate that adequate property insurance be maintained throughout the affordability period in their beneficiary loan documents.
- Ownership of HOME-assisted properties must be a fee simple title or a ninety-nine (99)-year leasehold recorded with the local recorder's office.

- Applicants that are proposing to develop transitional or permanent supportive housing must participate in the Homeless Management Information System (HMIS).
- Applicants that are proposing to develop permanent supportive, transitional and permanent rental housing must register vacancies for assisted housing in the IndianaHousingNow.org, affordable housing database..

CHDO Eligible Activities

- Transitional, permanent supportive, permanent rental, and homebuyer housing are considered CHDO-eligible activities for purposes of the CHDO set-aside as long as the activity takes place within the CHDO's state-certified service area and the CHDO must own, develop, or sponsor the activity.
- An application for a CHDO-eligible undertaking must demonstrate:
    - That low- and moderate-income persons have had the opportunity to advise the CHDO in its decisions regarding the design, site, development, and management of the affordable housing undertaking.
    - Certify that the organization continues to meet the definition of a CHDO.

Regulatory Requirements

- All regulatory HOME requirements listed in 24 CFR Part 92 must be met. IHCDA is bound to these regulations and may require additional requirements.
- New construction or conversion of non-residential buildings into transitional, permanent supportive, and rental housing under this program must meet all Site and Neighborhood Standards. See the Site and Neighborhood Standards exhibit in the SIP application package.
- The Davis-Bacon Act requires that workers on certain federally assisted developments receive no less than the prevailing wages being paid for similar work. Prevailing wages are computed by the U.S. Department of Labor and are issued in the form of a federal wage decision for each classification of work. 29 CFR Parts 1, 3, and 5 will apply to awards for the following types of projects: (1) rehabilitation or new construction of a residential property containing twelve (12) or more HOME-assisted units; and (2) affordable housing containing twelve (12) or more units assisted with HOME funding regardless of whether HOME funding is used for construction or non-construction activities. Such property may be one (1) building or multiple buildings owned and operated as a single development.
- PHA's using PHA funds in conjunction with IHCDA funds are subject to Davis Bacon requirements.
- Recipients of a HOME award must implement and follow competitive procurement procedures.
- Recipients of a HOME award are subject to the regulations of the Uniform Relocation Act. See IHCDA's SIP Award Implementation Manual for guidance on the regulatory requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, and Federal regulations at 49 CFR Part 24 and the requirements of Section 104(d) of Title I of the Housing and Community Development Act of 1974, as amended.
- The housing must meet the accessibility requirements of 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covers multifamily dwellings, as defined at 24 CFR Part 100.201. It must also meet the design and construction requirements at 24 CFR 100.205, and which implement the Federal Fair Housing Act Amendments of 1988 (42 U.S.C. 3601-3619). See IHCDA's SIP Award Implementation Manual for guidance on the regulatory requirements of Section 504 Accessibility Standards.
- Recipients of a HOME award are subject to the HUD requirements of dealing with lead-based paint hazards. For the regulatory requirements of lead-based paint hazards, see 24 CFR Part 35 or refer to IHCDA's SIP Award Implementation Manual.
- Recipients of a HOME award are required to perform an environmental and historic review on all assisted property. To view the regulatory requirements of environmental and historic review found in 24 CFR Part 58 refer to the Environmental and Historic Review User guides or contact the IHCDA Environmental Officer at (800) 872-0371 for further guidance.
- Units must, at a minimum, meet the stricter of the local rehabilitation standards or the Indiana State Building Code.

- Recipients of HOME awards must meet additional energy efficiency standards for new construction as described in 24 CFR 92.251. Namely newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.
- Permanent supportive housing, rental housing, and homebuyer developments with five (5) or more HOME-assisted units must adopt IHCDA's Affirmative Marketing Procedures. See IHCDA's SIP Award Implementation Manual for guidance on Affirmative Marketing Procedures.
- In accordance with 24 CFR 92.252, if a rental, permanent supportive, or transitional housing development contains five (5) or more HOME-assisted units, twenty percent (20%) of the HOME-assisted units must be set aside for households at or below fifty percent (50%) AMI with rents (including utilities) that do not exceed the fifty percent (50%) Rent Limit as published by HUD and distributed by IHCDA's Real Estate Department.

Affordability Requirements

- All HOME subsidized activities must be secured throughout the affordability period by a recorded lien and restrictive covenant agreement created by IHCDA.
- .
- The following affordability periods apply to ALL HOME funded projects, including permanent supportive, rental, and homebuyer housing:

Amount of HOME subsidy per unit	**Affordability Period**
Under $15,000.00/unit	5 years
$15,000.00 - $40,000.00	10 years
Over $40,000.00 per unit - or - any rehabilitation/refinance combination activity	15 years
New construction or acquisition of newly constructed transitional, permanent supportive, or rental housing	20 years

Eligible Activity Costs

The bolded items listed below are included in the application budget. If you have a question about which line item an expense goes under, contact your IHCDA Real Estate Production Analyst.

RETAINAGE POLICY - IHCDA will hold the final $5,000.00 of an award until the completion reports, match documentation, and closeout documentation is received and approved. Additionally, IHCDA will hold the final $5,000.00 of an award until the final monitoring has been completed and all findings and/or concerns have been resolved.

ACQUISITION – Limited to the purchase price and related costs associated with the acquisition of real property. Recipients must use a title company when purchasing or selling assisted properties. If the development is acquisition only, there should be no hard costs line item in the Uses of Funds exhibit.

DOWN PAYMENT ASSISTANCE – This line item should include the down payment assistance, closing costs, principal reduction, or interest rate buy-downs provided to program participants, or any assistance that reduces the purchase price from the fair market value to an affordable price.

NEW CONSTRUCTION – Eligible costs include:

- Hard costs associated with new construction activities
- Utility connections including off-site connections from the property line to the adjacent street
- Site work related to driveways, sidewalks, landscaping, etc
- Related infrastructure costs - improvements to the development site that are in keeping with improvements of surrounding, standard developments. Site improvements may include on-site roads and water and sewer lines necessary to the development
- For multifamily rental housing, costs to construct an on-site management office, the apartment of a resident manager, or laundry or community facilities that are located within the same building as the housing and are for the use of the tenants and their guests
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners

REHABILITATION – Eligible costs include:

- Hard costs associated with rehabilitation activities
- Lead-based paint interim controls and abatement costs
- Mold remediation
- Utility connections including off-site connections from the property line to the adjacent street
- Related infrastructure costs - improvements to the development site that are in keeping with improvements of surrounding, standard developments. Site improvements may include on-site roads and water and sewer lines necessary to the development
- For multifamily rental housing, costs to rehabilitate an on-site management office, the apartment of a resident manager, or laundry or community facilities that are located within the same building as the housing and are for the use of the tenants and their guests
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners
-
- Site work related to driveways, sidewalks, landscaping, etc.

DEMOLITION – Costs associated with the demolition and clearance of existing structures

PROGRAM DELIVERY - Program delivery costs are those costs that can be directly tracked by address. They include soft costs and client related costs that are reasonable and necessary for the implementation and completion of the proposed housing activity. This line item along with administration or CHDO operating, developer's fee, and environmental review cannot exceed twenty percent (20%) of the HOME request. Recipients are allowed to draw down this line item as costs are incurred. Additionally, program delivery may payoff a HOME CHDO Predevelopment or CHDO Seed Money loan but may not exceed the twenty percent (20%) line item cap.

Eligible costs include:

- Engineering/Architectural Plans
- Inspections
- Cost estimates
- Building permits
- Demolition permits
- Financing costs
- Lead hazard testing
- Client intake/income
- Credit reports
- Title searches
- Recording fees
- Private lender origination fees
- Appraisals
- Travel to and from site
- Consultant fees
- Plans, specifications, work
- Impact fees
- Realtor fees
- Legal and accounting fees
- Utilities of assisted units
- Other professional services
- Builders risk insurance
- Phase I Environmental Assessments
- Closing costs paid on behalf of

verification	write-ups	homebuyer

RENT-UP RESERVE - HOME funds may be used to fund a rent-up reserve for new construction and rehabilitation of permanent supportive and rental housing developments.

- This reserve can be used to meet shortfalls in development income during the rent-up period and may only be drawn down after all construction is completed at the development.
- The term of the rent-up reserve account may not exceed six (6) months after all construction is completed, after which time any unused reserves left in the account will be de-obligated by IHCDA.
- These funds can be used only for development operating expenses, scheduled payments to replacement reserves, and/or debt service payments.
- The recipient must receive IHCDA's approval prior to accessing its rent-up reserve funding.
- The amount of HOME funds that can be utilized for a rent-up reserve is limited to three (3) months development operating expenses plus three (3) months of development debt service.

RELOCATION - This includes relocation payments and other relocation assistance for permanently and/or temporarily relocated individuals, families, businesses, nonprofit organizations, and farm operations where assistance is required and appropriate. Relocation payments include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket expenses for temporary relocation purposes. For additional information on relocation and displacement, please refer to the information provided in the URA Chapter of the IHCDA's SIP Award Implementation Manual.

LEAD HAZARD TESTING – Cost associated with lead hazard testing, not to exceed average of $1,000.00 per unit.

HOMEOWNERSHIP COUNSELING – Those costs associated with formal training provided to prospective homebuyers. This item is limited to $1,000.00 per homebuyer.

Eligible costs include:

• Course material development/costs	• Intake	• Income verification
• Related travel	• Training location	• Loan processing
• Underwriting	• Credit reports	• Program management
• Professional services	• Postage	• Marketing and advertising

DEVELOPER'S FEE - Developer's fees are only available with HOME funded activities and cannot exceed fifteen percent (15%) of the HOME award. Additionally, this line item along with administration or CHDO operating, program delivery and environmental review cannot exceed twenty percent (20%) of the HOME request.

ADMINISTRATION - The administration line item includes the costs directly related to administering an IHCDA HOME award and complying with the regulations associated with these funds. This line item cannot exceed five percent (5%) of a HOME request and generally is between $5,000.00 and $10,000.00. This line item along with developer's fee, program delivery, and environmental review cannot exceed twenty percent

(20%) of the HOME request. Recipients are allowed to draw down this line item as costs are incurred. The costs associated with preparing the application are not eligible for reimbursement through a HOME award. This line item does not incur a match liability for HOME awards.

Eligible costs include:

- Affirmative marketing
- Fair housing education
- Office materials and supplies
- Staff costs and professional services associated with reporting, compliance, monitoring, or financial management
- Lead-based paint training
- Housing activity related training
- Office rent and utilities
- Postage
- Communication costs
- Photocopying
- Travel for Housing activity related training

CHDO OPERATING COSTS – CHDO operating costs are those costs directly related to administering an IHCDA HOME CHDO award and complying with the regulations associated with these funds. HOME funds expended on CHDO operating costs incur no match liability. This line item cannot exceed five percent (5%) of a HOME award and generally is between $5,000.00 and $10,000.00. This line item along with developer's fee, program delivery, and environmental review cannot exceed twenty percent (20%) of the HOME request. Recipients are allowed to draw down this line item as costs are incurred. Costs associated with preparing an application for funding through IHCDA are not eligible for reimbursement through a HOME award.

Eligible costs include:

- Affirmative marketing
- Fair housing education
- Office materials and supplies
- Staff costs and professional services associated with reporting, compliance, monitoring, or financial management
- Lead-based paint training
- Housing activity related training
- Office rent and utilities
- Postage
- Communication costs
- Photocopying
- Travel for Housing activity related training

ENVIRONMENTAL AND HISTORIC REVIEW – This line item includes expenses associated with the Section 106 Historic Review and environmental review release of funds process. This does not refer to a Phase I Environmental Assessment. This line item along with developer's fee, program delivery, and administration or CHDO operating cannot exceed twenty percent (20%) of the HOME request. Eligible costs for this line item are generally between $2,000.00 and $5,000.00 and include professional services, publication costs, photocopying, and postage. For further information, refer to the Environmental and Historic Review User guides or contact your IHCDA Real Estate Production Analyst.

Ineligible Costs

The following costs are ineligible for reimbursement from HOME funds, unless specifically listed as eligible in an individual Eligible Activity description:

- Commercial development costs - All costs associated with the construction or rehabilitation of space within a development that will be used for non-residential purposes such as offices or other commercial uses. This does not include the common area used by tenants of rental property or the leasing office of the apartment manager. HOME awards cannot be used to underwrite any portion of the commercial costs. The expenses incurred and income to be generated from commercial space must be reported in a separate "Annual Expense Information" sheet and 15-year proforma.
- Costs associated with preparing an application for funding through IHCDA.

- Purchase or installation of luxury items, such as swimming pools or hot tubs
- Purchase or installation of equipment, furnishings, tools, or other personal property that is not an integral structural feature, such as window air conditioner units or washers and dryers. Allowable exceptions to this prohibition, however, include stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners
- Cost of supportive services
- General operating expenses or operating subsidies
- Tenant-based rental assistance
- Mortgage default/delinquency correction or avoidance
- Loan guarantees
- Annual contributions for operation of public housing
- Costs associated with any financial audit of the recipient.

Rental Housing - HOME Investment Partnerships Program

Types of Rental Housing:

- **Permanent Rental Rehabilitation:**
  The purpose of this activity is to provide funding for affordable long-term housing that will be rented to income-eligible tenants. Eligible activities include acquisition and rehabilitation. Permanent rental housing units may not be used for temporary or emergency housing at any time. Eligible rental activities also include, the acquisition or rehabilitation of assisted-living facilities as long as they meet IHCDA's definition. IHCDA defines an assisted living facility as living arrangements in which some optional services are available to residents (meals, laundry, medication reminders), but residents still live independently within the assisted-living complex. Residents of such facilities pay a regular monthly rent, and then pay additional fees for the services that they desire.

- **Permanent Supportive Housing Rehabilitation:**
  The intent of this eligible activity is to provide funding for the acquisition and rehabilitation of long-term rental housing with ongoing supportive services available for persons who would otherwise be at risk of becoming homeless. Developments funded under this program may not be used for temporary or emergency housing at any time.

Rent Restrictions

- The HOME-assisted rental units will be rent restricted throughout the affordability period to ensure that the units are affordable to low-income households. Please refer to the most recent HOME rent limits, which may be found on IHCDA's website.
- Published rent limits include the cost of any tenant-paid utilities. You must subtract from the published rent limit an IHCDA or HUD approved utility allowance for all utilities that the tenant will be responsible for. For example, if the rent limit in a given county is $300.00. The utility allowance for gas heat is $28.00, for other electric is $20.00, and for water is $13.00. For a unit where the tenant will pay for gas heat, other electric, and water, the maximum allowable rent would be $239.00 ($300.00 - $28.00 - $20.00 - $13.00 = $239.00).
- If an SRO-unit has neither food preparation nor sanitary facilities, or only one (1) of either, the rent may not exceed seventy-five percent (75%) of the FMR for a zero (0)-bedroom unit. For example, if the Fair Market Rent for a zero (0)-bedroom unit in a given county is $300.00. The forty-percent (40%) rent limit for an SRO unit in that county that only has a bathroom and not a kitchen would be $225.00 ($300 X .75= $225).
- If the applicant proposes to receive all or a portion of the rent payment via a tenant-based voucher (rental subsidy), the total tenant rent cannot exceed the published rent limits for the applicable income level. For example, if a tenant residing in a unit set-aside for households at or below forty percent (40%) of the area median income has a voucher that pays $100.00 of his/her rent, and the published utility allowance for tenant paid utilities for the unit is $50.00. If the published forty percent (40%) Rent Limit is $300.00, the tenant paid portion of rent cannot exceed $150.00 ($300.00 Rent Limit - $100.00 Section 8 Voucher - $50.00 Utility Allowance = $150.00 Maximum Tenant Paid Portion).
- If the development receives a federal or state project-based rent subsidy and tenants at or below fifty percent (50%) AMI pay no more than thirty percent (30%) of his/her adjusted income for rent, the maximum rent may be the rent allowable under the project-based rental subsidy program as set forth in 24 CFR 92.252(b)(2).
- Rent limits do not include food or the costs of supportive services.
- All tenants who occupy HOME-assisted rental housing units must be income recertified on an annual basis. The Section 8 definition of household income applies.

Underwriting Guidelines

The following are underwriting guidelines for permanent supportive housing or rental developments, and any development also requesting LIHTF assistance. The numbers submitted should reflect the nature and true cost of the proposed activity. IHCDA will consider any underwriting outside of these guidelines if supporting documentation is provided.

1) Total Operating Expenses - IHCDA will consider the reasonableness of operating expenses for each Development based on information submitted by the applicant. All Developments must be able to underwrite with a minimum operating expense of $2,500 per unit per year (net of taxes and reserves).

2) Management Fee– 5-7% of "effective gross income" (gross income for all units less Vacancy Rate).

# of Units	Maximum Management Fee Percentage
1 to 50 units	7%
51 to 100 units	6%
101 or more units	5%

3) Vacancy Rate – 6% - 8%

4) Rental Income Growth – 0-2%/year

5) Operating Reserves – four (4) to six (6) months (Operating Expenses plus debt service) or $1,500 per unit (whichever is greater)

6) Replacement Reserve is required for all developments and must be included in the operating budget, but is not included as part of the operating reserve. Contributions must be made to the reserve account, starting at or before the conversion date of the construction loan to permanent loan and must be funded for the term of the loan. The following minimum contributions must be used:

   i) Rehabilitation: $350 per unit per year
   j) New Construction: $250 per unit per year
   k) Single Family Units: $420 per unit per year
   l) Historic Rehabilitation $420 per unit per year

Replacement Reserve funds must only be used for Capital Improvements (substantial improvements to the real estate such as re-roofing, structural repairs, or major projects to replace or upgrade existing furnishings, but not including replacement of individual appliances or minor repairs) and must **not** be used for general maintenance expenses. Less restrictive provisions required by Lenders must be approved by IHCDA.

Replacement Reserves must escalate at a rate of 3% per year. IHCDA will at its discretion, adjust the Replacement Reserve to reflect reasonable and customary capital and replacement expenditures.

For Rehabilitation developments, the capital needs assessment will also be reviewed in determining whether sufficient reserves have been established.

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7) Operating Expense Growth – 1-3%/year

IHCDA requires operating expense growth to be at least 1% higher than rental income growth.

8) Stabilized debt coverage ratio (stabilization usually occurs in year 2)

e. Large and Small City Developments: 1.15 – 1.40

f. Rural Developments: 1.15 – 1.50

(Although stabilization occurs usually in year two, the debt coverage ratio projection for a Development should not go below 1.1 during the complete 15 year Compliance Period to be considered financially feasible.)

IHCDA does recognize that rural deals will typically have higher debt coverage at the beginning of the compliance period in order to remain feasible over the fifteen years. Documentation to support these higher debt coverage ratios must be provided.

Developments without hard debt are allowed but will be subject to additional scrutiny from IHCDA. Developments submitted with no debt will not have a debt coverage ratio but will be required to have a cash flow without having an undue profit. This will be determined by a ratio of Effective Gross Income to Total Annual Expenses (including reserve for replacement). A ratio of 1.15 shall be the minimum required to be considered feasible by IHCDA in Years 1-15.

NOTE: Tax abatement may cause the debt coverage ratio to be higher than these guidelines.

- **Required Documentation:** 1) Documentation of estimated property taxes and insurance for the proposed Development (i.e. a statement of how the applicant determined the estimated taxes and insurance for the Development); AND 2) If the underwriting is outside these guidelines, the applicant must provide a written detailed explanation with third party documentation supporting the explanation (approval of underwriting from other financing institutions/funding sources will not constitute acceptable supporting documentation). Eligible Beneficiaries
- At initial occupancy, each household in a HOME-assisted rental unit must have an annual income equal to or less than sixty percent (60%) of the area median family income (adjusted for size) as published annually by HUD for the program county. The Section 8 definition of household income applies. This requirement remains in effect throughout the affordability period. All beneficiaries who occupy HOME-assisted transitional, permanent supportive, and permanent rental housing units must be income recertified on an annual basis.

Subsidy Limitations

- Award funds for administration or CHDO operating costs, environmental review, program delivery, and developer's fee combined cannot exceed 20% of the HOME award.
- Award funds for administration or CHDO operating costs cannot exceed 5% of the HOME award.
- Award funds for developer's fee cannot exceed 15% of the HOME award.
- Minimum amount of HOME funds to be used for rehabilitation or new construction is $1,000 per unit.
- HOME funds cannot be used for reserve accounts for replacement or operating costs, but may be used as a Rent-Up Reserve.
- All subsidies must be secured throughout the affordability period by a written, legally binding, recorded lien and restrictive covenant agreement.
- Homebuyer Activity – the homebuyer cannot apply for funding under any other HOME-funded program for the same unit (e.g., down payment assistance that can be obtained with a First Home/Plus mortgage).

- Homebuyer and Rental Activities – HOME funds used for acquisition, rehabilitation, new construction, program delivery, relocation, rent-up reserve (rental only), and developer's fee combined cannot exceed the limits set by HUD.

Rental Housing Provisions

- Recipients must ensure that each tenant residing in a HOME-assisted rental housing development must enter into a lease agreement with the owner of the development. Each lease agreement must, at a minimum, contain the provisions listed the Rental Project Requirements section of IHCDA's SIP Award Implementation Manual, and shall not contain any of HUD's prohibited lease provisions set forth 92 CFR 253(b).
- Recipients that rehabilitate or construct permanent supportive, transitional or rental housing must register vacancies for assisted housing in the Affordable Housing Database at www.indianahousingnow.org.
- Recipient must ensure that each owner of a HOME-assisted permanent supportive, rental, and/or transitional housing development enters tenant events into IHCDA's Indiana Housing Online Management System at https://ihcdaonline.com/ within thirty (30) days of the tenant's event date. Tenant events include move-ins, move-outs, recertification, unit transfers, and rent and income changes. In addition, Annual Owner Certification Rental Reports will be required to be submitted electronically using the Indiana Housing Online Management System throughout the affordability period in the Annual Rental Report. See IHCDA's SIP Award Implementation Manual for further guidance.
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Provisions for Rehabilitation/Refinance

Applicants for rehabilitation/refinance must demonstrate that:

- Refinancing is necessary to maintain current affordable units and/or create additional affordable units.
- The primary activity is rehabilitation. The applicant must budget a minimum of 51% of the HOME funds for rehabilitation.
- The development will satisfy a minimum 15-year affordability period.
- Disinvestment in the property has not occurred.
- The long term needs of the development can be met.
- It is feasible to serve the targeted population over the affordability period.
- The amount of funds applied to the refinance budget line item will be made as an amortized loan to the applicant. The applicant should propose at least a 2% interest rate, a term of not more than 30 years, and an amortization period of not more than 30 years.
- The HOME loan must be fully secured.
- The HOME funds used for construction may be forgiven at the end of the affordability period.
- Applicants for transitional rehabilitation/refinance cannot use HOME funds to refinance multifamily loans made or insured by any other Federal program, including, but not limited to, FHA, CDBG, or Rural Development.

Homebuyer - HOME Investment Partnerships Program

Refer to the section labeled "All HOME Eligible Activities" for additional requirements of this program.

Eligible Homebuyer Activities

The purpose of this activity is to provide funding to improve the quality of housing stock while making it affordable for homebuyers. Funding is available for the acquisition and new construction or rehabilitation of housing that will be sold to income-eligible homebuyers.

Eligible Beneficiaries

Each household must have an annual income equal to or less than 80% of the area median family income (adjusted for household size) at the time the contract to purchase the home is signed. The Section 8 definition of household income applies.

Subsidy Limitations

- Award funds for administration or CHDO operating costs, environmental review, program delivery, homeownership counseling, and developer's fee combined cannot exceed 20% of the HOME award.
- Award funds for administration or CHDO operating costs cannot exceed 5% of the HOME award.
- Award funds for developer's fee cannot exceed 15% of the HOME award.
- Developer's fee cannot exceed 20% of the Total Development Cost; regardless of the source used to pay the developer's fee.
- Minimum amount of HOME funds to be used for rehabilitation or new construction is $1,000 per unit.
- Maximum amount of HOME funds for homeownership counseling is $1,000 per unit.
- All subsidies must be secured throughout the affordability period by a written, legally binding, recorded restrictive covenant.
- . Homebuyer Activity – the homebuyer cannot apply for funding under any other HOME-funded program for the same unit (e.g., down payment assistance that can be obtained with a First Home/Plus mortgage).
- Homebuyer and Rental Activities – HOME funds used for acquisition, rehabilitation, new construction, program delivery, relocation, rent-up reserve (rental only), and developer's fee combined cannot exceed the limits set by HUD.

Recapture/Resale Requirements

The must implement resale requirements for every homebuyer property constructed, redeveloped, rehabilitated, or acquired, in whole or in part, with HOME funds in the form of a development subsidy. The development subsidy consists of the difference between the cost of producing the unit and the market value of the property. Contrarily, the recipient must implement recapture restrictions for any homebuyer property purchased, in whole or in part, by a homebuyer that received a direct subsidy from the Recipient in an amount greater than or equal to One Thousand and 00/100 Dollars ($1,000) from HOME funds. A direct or homebuyer subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise directly subsidizes the purchase (e.g., down-payment or closing cost assistance, subordinate financing). If the homebuyer no longer utilizes the property as its principal residence during the affordability period the amount to be recaptured is the shared net proceeds of a prorated amount of the homebuyer subsidy. The proration shall be based on the length of time the homebuyer has occupied the property as its principal residence in relation to the affordability period. If there is both a development subsidy and a homebuyer subsidy or just a homebuyer subsidy, a recapture provision must be implemented. In cases where a homebuyer subsidy was not provided and there is only a development subsidy, resale restrictions must be executed on the property.

With respect to rental units constructed, redeveloped, rehabilitated, or acquired, in whole or in part, with HOME funds either resale restrictions, recapture provisions, or a combination of both can be used in order to preserve affordability.

In either case, the recipient must use liens that are prepared by IHCDA.

Repayment of HOME Funds

Housing assisted with Home funds must meet the affordability requirements in accordance with 24 CFR 92.252 for rental housing or 92.254 for homeowner housing. The recipient must repay IHCDA for any HOME funds utilized for any housing constructed, redeveloped, rehabilitated, or acquired that does not remain affordable in accordance with 24 CFR 92.252 for rental housing or 24 CFR 92.254 for homeowner housing, as applicable, for the entire affordability period.

Homebuyer Provisions

- Recipients are not required to identify and qualify homebuyers prior to acquiring and beginning construction on the HOME-assisted units; however, HOME-assisted units are not considered completed until occupied by an income eligible homebuyer. Therefore, units that are not completed during the award timeframe may effect future funding decisions.
- Recipients will be required to provide an "after rehab" or "construction value" appraisal; whichever is appropriate, from a licensed appraiser for all property assisted with the award with the first draw that includes hard costs. If the applicant is acquiring property an "as-is" appraisal is required with the first draw request for acquisition reimbursement. See IHCDA's SIP Award Implementation Manual for details.
- Applicants also performing rehabilitation on the housing in this activity must purchase:
  (1) Owner-occupied units,
  (2) Rental units that have been vacant for three (3) or more months, or
  (3) Occupied rental units only if the current tenant will become the eventual homebuyer. See the IHCDA's SIP Award Implementation Manual for further guidance.
- For CHDO-eligible activities only, HOME funds may be provided as a homebuyer deferred payment or forgivable loan and must carry a zero (0%) interest rate and the term must not exceed the affordability period. The Single Family proforma that is submitted to IHCDA at set-up must include:
    - The affordable payment (Principal, Interest, Taxes, Insurance, and Utilities) must have a front-end ratio of twenty-nine percent (29%) of gross income.
    - Applicants should should not allow a mortgage payment that exceeds the back-end affordable payment ratio calculated at forty-one percent (41%) of gross monthly income.
    - If the activity is for new construction, at least $50.00 per month must be budgeted for property taxes, unless documentation is provided that indicates that taxes will be lower than this amount.
    - Applicants must include a utility allowance between $125.00 and $200.00, unless documentation is provided that indicates that utilities will be lower than this amount.
    - Donations toward a home must be counted at one hundred percent (100%) of the value; however, in the financial analysis seventy-five percent (75%) of this value must be counted toward either development and/or homebuyer subsidy. But if including a developer fee this is not eligible and one hundred percent (100%) of the value must be counted.
- Subsidy analysis must be based on a borrower's payment for a minimum of a 20-year mortgage.
- Recipients are required to provide homeownership counseling to all program beneficiaries.
- If the not-for-profit applicant anticipates selling the HOME-assisted unit to a buyer that will utilize an FHA or VA insured mortgage, they may be required to first be approved by HUD to be a secondary lender. Information on how to become a HUD-approved lender can be obtained at HUD's website or by calling the HUD's Atlanta Homeownership Center toll free at (888) 696-4687 ext. 2055.
- According to 24 CFR 92.254(a)(2) in the case of acquisition of newly constructed housing or standard housing, the property must have a purchase price that does not exceed the FHA 203(b) mortgage limits. In the case of acquisition with rehabilitation, the property must have an estimated value after rehabilitation that does not exceed the FHA 203(b) mortgage limits. For a list of current mortgage limits, see the appropriate RED Memo on IHCDA's website.
- The HOME-assisted housing unit must be occupied as the homebuyer's principal residence throughout the affordability period. The length of the mandatory affordability period is found in the section labeled "All HOME-Eligible Activities."

- Homebuyer units that are multi-family (four (4) or less units) must meet all program requirements. The owner must be income qualified (income from the rental units must be included). The occupants of the rental units must also be income qualified and impose all rental requirements.

CHDO Predevelopment Loans

Eligible Applicants

The applicant must be a state-certified CHDO proposing a CHDO eligible activity within the geographic area for which they are certified (outside the boundaries of a participating jurisdiction). The CHDO must be the owner, developer, or sponsor of the proposed development and must be significantly involved in all phases. The CHDO must maintain the following documentation to confirm its status:

- **Owner**: The CHDO is an **"owner"** when it holds valid legal title to or has a long-term (99-year minimum) leasehold interest in a rental property. The CHDO may be an owner with one or more individuals, corporations, partnerships or other legal entities.
- **Developer**: A CHDO is a **"developer"** when it either owns a property and develops a project, or has a contractual obligation to a property owner to develop a project. If the CHDO owns the property, it must obtain financing and rehabilitate or construct the project. If the CHDO does not own the property, it must be under a contractual obligation with the owner to obtain financing and rehabilitate or construct the project. Under this scenario, the CHDO assumes all of the risks and rewards associated with being the project developer. A written agreement between the CHDO and the property owner must detail the CHDO's specific obligations.
- **Sponsor**: A CHDO is a **"sponsor"** for HOME-assisted rental or homebuyer housing according to the circumstances outlined below.
    - <u>For HOME-assisted rental housing</u>: The CHDO develops a project that it solely or partially owns and agrees to convey ownership to a **second nonprofit** organization at a predetermined time. The conveyance may take place prior to, during or upon completion of the development phase.
    - <u>For a HOME-assisted homebuyer's program</u>: The CHDO owns a property, then shifts responsibility for the project to another nonprofit at some specified time in the development process. The second nonprofit in turn transfers title, along with the HOME loan/grant obligations and resale requirements, to a HOME-qualified homebuyer within a specified timeframe. The other nonprofit being sponsored by the CHDO acquires the completed units, or brings to completion the rehabilitation or construction of the property.
- The CHDO must always **own** the property prior to the development phase of the project.

Eligible Activities

Development-specific predevelopment assistance is intended to assure that CHDOs have access to funds for up-front, eligible expenditures. The intent of this loan is to enable a CHDO to determine the financial feasibility of an IHCDA HOME CHDO-eligible activity. An IHCDA HOME CHDO-eligible activity includes the following: activities:

- Acquisition and/or rehabilitation of rental housing;
- New construction of rental housing;
- Acquisition and/or rehabilitation of homebuyer properties;
- New construction of homebuyer properties; and
- Direct financial assistance to purchasers of HOME-assisted housing sponsored or developed by a CHDO with HOME funds.
- **Ineligible Activities**:
- The following activities are ineligible set-aside activities, but may be carried out by the CHDO as a subrecipient:

- Homeowner rehabilitation; and
- Brokering or other real estate transactions

Eligible Beneficiaries

Proposed rental, permanent supportive or transitional housing developments must assist households at or below sixty (60%) of the area median income for that county, as published annually by HUD and distributed by IHCDA. Proposed homebuyer activities must assist households at or below eighty percent (80%) of the area median income for that county. Additionally permanent supportive, transitional, or rental housing developments with five (5) or more HOME-assisted units must set-aside at least twenty percent (20%) of the units for area median income levels of fifty percent (50%) and below.

Eligible Activity Costs

All costs must be related to a specific development that, if deemed feasible, would be eligible to receive IHCDA HOME funds for development. Funded activity costs may not exceed customary and reasonable costs.

Eligible activity costs include:

- Preliminary costs associated with conducting a feasibility analysis of the proposed activity,
- Professional fees such as legal, architectural, engineering, etc. to render preliminary development details,
- Title search,
- Option(s) to purchase property,
- Payment of necessary fees such as appraisals and credit checks, and
- A limited amount of CHDO staff costs directly related to the preconstruction activities (limited to 5% of award amount).

Eligible activity costs do not include:

- Costs associated with preparing an application for funding through IHCDA, Preparation of detailed engineering, architectural, and design materials ordinarily required for construction purposes,
- General operating expenses of the organization, and
- Developments that have received or anticipate receiving IHCDA CDBG Feasibility Study funds, unless the award was more than five (5) years prior to the application due date.
- Costs associated with any financial audit of the recipient.

Subsidy Limitations

- Assistance is provided as a loan at a zero percent (0%) interest rate. All funds must be expended within twelve (12) months and repaid within a twenty-four (24)-month term.
- The maximum CHDO Predevelopment Loan amount is $30,000.
- Applicants are limited to a total of $30,000 in CHDO Predevelopment Loans, CHDO Seed Money Loans, or combination of both, for any one development. This limitation applies to either a combined application or separate applications.
- Up to five percent (5%) of the award may be applied for staff salaries.

Activity Provisions

- Applicants may apply for both a CHDO Predevelopment Loan and a CHDO Seed Money Loan in the same application for the same development. Applicants who apply for both will still be required to expend all of the funds within twelve (12) months and be required to repay all of the funds within twenty-four (24) months. It will not be able to draw funds for the Seed Money Loan until it has:
  - Demonstrated development financial feasibility,
  - Demonstrated that there is a market need for the proposed development,
  - Secured site control (as evidenced by a deed, a sales contract, or an option contract to acquire the property),

    - Completed the environmental review process, which includes release of funds and Section 106 concurrence, and submitted the appropriate documentation to their IHCDA Real Estate Production Analyst,
    - Received a preliminary letter of commitment for either construction financing or a permanent mortgage from a private lender, if such financing will be required on the development, and
    - Demonstrated the capacity of the CHDO's staff to implement the proposed development.
- Loans made under this program may be forgiven if there are impediments to the development that IHCDA determines are reasonably beyond the control of the borrower. If the development goes forward without the use of HOME funds, it will still be subject to the HOME requirements.

CHDO Seed Money Loans

Eligible Applicants

The applicant must be a state-certified CHDO and must propose a CHDO-eligible activity within the geographic area for which they are certified (outside the boundaries of a participating jurisdiction). The CHDO must be the owner, developer, or sponsor of the proposed development and must be significantly involved in all phases. The CHDO must maintain the following documentation to confirm its status:

- **Owner**: The CHDO is an **"owner"** when it holds valid legal title to or has a long-term (99-year minimum) leasehold interest in a rental property. The CHDO may be an owner with one or more individuals, corporations, partnerships or other legal entities.
- **Developer**: A CHDO is a **"developer"** when it either owns a property and develops a project, or has a contractual obligation to a property owner to develop a project. If the CHDO owns the property, it must obtain financing and rehabilitate or construct the project. If the CHDO does not own the property, it must be under a contractual obligation with the owner to obtain financing and rehabilitate or construct the project. Under this scenario, the CHDO assumes all of the risks and rewards associated with being the project developer. A written agreement between the CHDO and the property owner must detail the CHDO's specific obligations.
- **Sponsor**: A CHDO is a **"sponsor"** for HOME-assisted rental or homebuyer housing according to the circumstances outlined below.
    - <u>For HOME-assisted rental housing</u>: The CHDO develops a project that it solely or partially owns and agrees to convey ownership to a **second nonprofit** organization at a predetermined time. The conveyance may take place prior to, during or upon completion of the development phase.
    - <u>For a HOME-assisted homebuyer's program</u>: The CHDO owns a property, then shifts responsibility for the project to another nonprofit at some specified time in the development process. The second nonprofit in turn transfers title, along with the HOME loan/grant obligations and resale requirements, to a HOME-qualified homebuyer within a specified timeframe. The other nonprofit being sponsored by the CHDO acquires the completed units, or brings to completion the rehabilitation or construction of the property.
- The CHDO must always **own** the property prior to the development phase of the project.

Eligible Activities

Development-specific predevelopment assistance is intended to assure that CHDOs have access to funds for up-front, eligible expenditures. The purpose of this loan is to enable a CHDO that has determined an IHCDA HOME CHDO-eligible activity is feasible to move forward with predevelopment activities such as preparing final architectural and engineering plans, and to get a CHDO-eligible activity to the point that construction can begin soon after IHCDA HOME funds are awarded. An IHCDA HOME CHDO-eligible activity includes rental, permanent supportive, and homebuyer rehabilitation or new construction.

Prior to application submission, applicants for CHDO Seed Money loans must have:

- Demonstrated development financial feasibility,
- Demonstrated that there is a market need for the proposed development,
- Secured site control (as evidenced by a deed, a sales contract, or an option contract to acquire the property),
- Completed the environmental review release of funds process and submitted the environmental review record to their IHCDA Real Estate Production Analyst,
- Received a preliminary letter of commitment for either construction financing or a permanent mortgage from a private lender, if such financing will be required on the development, and
- Demonstrated the capacity of the CHDO's staff to implement the proposed development.

Eligible Beneficiaries

Proposed permanent supportive, transitional, or rental housing developments must assist households at or below sixty percent (60%) of the area median income for that county, as published annually by HUD and distributed by IHCDA. Proposed homebuyer activities must assist households at or below eighty percent (80%) of the area median income for that county. Additionally, permanent supportive, transitional, or rental developments with five (5) or more HOME-assisted units must set-aside at least twenty percent (20%) of the units for area median income levels of fifty percent (50%) and below.

Eligible Activity Costs

All costs must be related to a specific development that has already been deemed feasible and that would be eligible to receive IHCDA HOME funds for development. Funded activity costs may not exceed customary and reasonable costs.

Eligible activity costs include:

- Costs of obtaining firm construction loan commitments
- Architectural plans and specifications
- Zoning approvals
- Engineering studies
- Legal fees
- Preliminary costs associated with conducting a site specific feasibility analysis
- Title search
- Option(s) to purchase property and
- Payment of necessary fees such as appraisals and credit checks
- RHTC reservation fee

Eligible activity costs <u>do not</u> include:

- Costs associated with preparing an application for funding through IHCDA,
- Property acquisition,
- Construction hard costs,
- General operating expenses of the organization, and
- A limited amount of CHDO staff costs directly related to the preconstruction activities (limited to 5% of award amount).
- Costs associated with any financial audit of the recipient.

Subsidy Limitation

- Assistance is provided as a loan at a zero percent (0%) interest rate. All funds must be expended within twelve (12) months and repaid within a twenty-four (24)-month term.
- The maximum Seed Money Loan amount is $30,000.
- Applicants are limited to a total of $30,000 in CHDO Predevelopment Loans, CHDO Seed Money Loans, or combination of both, for any one (1) development. This limitation applies to either a combined application or separate applications.

Activity Provisions

- Applicants may apply for both a CHDO Predevelopment Loan and a CHDO Seed Money Loan in the same application for the same development. Applicants who apply for both will still be required to expend all of the funds within twelve (12) months and be required to repay all of the funds within twenty-four (24) months. It will not be able to draw funds for the Seed Money Loan until it has:
  - Demonstrated development financial feasibility,
  - Demonstrated that there is a market demand for the proposed development,

    - Secured site control (as evidenced by a deed, a sales contract, or an option contract to acquire the property),
    - Completed the environmental review process, which includes release of funds and Section 106 concurrence, and submitted the appropriate documentation to their IHCDA Real Estate Production Analyst,
    - Received a preliminary letter of commitment for either construction financing or a permanent mortgage from a private lender, if such financing will be required on the development, and
    - Demonstrated the capacity of the CHDO's staff to implement the proposed development.
- If the applicant anticipates using a future IHCDA HOME award to reimburse itself for acquisition costs, it must complete the environmental review release of funds process prior to acquisition. Failure to do so will make acquisition costs ineligible for reimbursement under the HOME program.
- Loans made under this program may be forgiven if there are impediments to the development that IHCDA determines are reasonably beyond the control of the borrower. If the development goes forward without the use of HOME funds, it will still be subject to the HOME requirements.

Affordable Housing and Community Development Fund

The Affordable Housing and Community Development Fund ("Development Fund") was established in 1989 to provide financing options for the creation of safe, decent, and affordable housing and for economic development projects in Indiana communities. Development Fund regulations may be found in the Indiana Code 5-20-4. Projects involving federal funding (e.g., HOME CDBG), tax-exempt bonds or tax credits must comply with the requirements of those programs

How to Apply

Development Fund awards are approved through ICHDA's Strategic Investment Process or in conjunction with RHTC applications. There is no direct application process for the Development Fund.

Eligible Beneficiaries

Residential Projects: The Development Fund can be used to finance assisted units for occupancy by persons earning up to 80% of the area median income (AMI), as published annually by HUD. Indiana Code governing the Development Fund requires at least fifty percent (50%) of the dollars allocated to be used to serve very low income households (households earning less than 50% of the Area Median Income).

Non-Residential Projects: Applications for funding of non-residential economic development projects will be evaluated to determine financial impact on the community and consistency with IHCDA's Strategic Priorities.

Activity Location

The proposed activity must be located within the State of Indiana.

Applicants with Current Development Fund Awards

Applicants with current Development Fund awards are eligible to apply for additional funding. However, no applicant may have more than $1,000,000 in outstanding awards at any one time. All outstanding awards must be current (if loans) and in good standing for an applicant to qualify for additional awards.

Match Requirements

There is no mandatory match percentage, but applicants for Development Fund loans or grants must be able to document a local match in an amount significant enough to demonstrate local support for the project. In reviewing applications, IHCDA staff will assess the appropriateness of the proposed match based on the circumstances of the individual project. Acceptable match sources include in-kind donations, donated land, building materials, loans, cash grants, or any combination of both in-kind and cash. Other sources of match may also qualify, except for funds administered by IHCDA.

Applications for projects located in Marion County must include evidence that funding has been requested from the Indianapolis Housing Trust Fund.

Eligible Residential Activities

Eligible activities include but are not limited to acquisition, new construction and/or rehabilitation of homes for sale, permanent rental units, permanent supportive housing, or other programs considered appropriate to meet the affordable housing and community development needs of lower income families and very low income families, including lower income elderly, persons with disabilities, and homeless individuals.

Ineligible Residential Activities

- Rehabilitation of mobile homes;

Acquisition, rehabilitation, or new construction of units within the boundaries of the 100-year floodplain;

- Refinances.

Eligible Non-Residential Activities

Development Fund awards may be used for non-residential activities that contribute to the economic development of communities. Eligible activities include but are not limited to façade improvements (typically involving historic buildings), construction or rehabilitation of commercial properties and related structures, brownfield reuse, and contributions to loan pools used to generate/sustain business growth.

Development Fund Activity Provisions

The Development Fund will provide grants or loans for acquisition/construction or short-term permanent financing., Recipients of Development Fund awards cannot loan those funds to any other entity except the beneficiary.

The Development Fund may be used as bridge financing for equity contributions on tax credit projects.

No individual project sponsor or its affiliates may hold more than 20% of the Development Fund's portfolio at any one time. Except in unusual circumstances, no applicant may have more than $1,000,000 in outstanding awards at any one time.

At least fifty percent (50%) of the resources of the Fund must be allocated to not-for-profit corporations.

Grant Terms

If Development Fund dollars are granted to a real estate based project, the grant will be secured by a Lien and Restrictive Covenant Agreement requiring repayment of the grant if the project does not maintain its affordability or otherwise fails to meet grant conditions throughout the compliance period. At the end of the compliance period, if the Borrower has met all conditions the lien will be released.

Loan Terms

All applicants receiving Development Fund loans must demonstrate the ability to repay the loan. Development Fund loans can be financed for up to a two year construction period. Permanent financing may be offered with a term not to exceed 15 years. Terms for bridge loans and non-real estate based loans will be determined during underwriting.

The maximum amortization period for loans is 30 years, which will result in a balloon payment at maturity. The underwriting must demonstrate the ability to repay the balloon balance when due. Interest only and cash flow payment structures will be considered on a case-by-case basis.

The base interest rate for loans is three percent (3%). The interest rate offered by IHCDA will be determined during underwriting.

Security or Collateral

Real estate based loans will be secured by mortgages, and can be subordinated to other financing. Personal or corporate guarantys or other collateral pledges may be required as a condition for receiving funding under any type of loan structure.

Financing Requirements

Real estate based loans must be closed under the supervision of a title agent or attorney. Title insurance will be required unless waived in writing by IHCDA.

Award recipients will be required to provide proof of adequate builder's risk insurance, property insurance, and/or contractor liability insurance during construction. Following construction, proof of adequate property insurance is required for all assisted properties throughout the affordability period. Additionally, recipients of a homebuyer award must require beneficiaries to maintain adequate property insurance coverage throughout the affordability period.

Award recipients receiving Development Fund financing for homebuyer activities may be permitted to loan funds directly to homebuyers. The term between recipient and homebuyer may not exceed the term of the loan between IHCDA and the recipient. The interest rate to the homebuyer may not exceed the IHCDA rate plus 2%. The loan must be fully amortized (recipient may not require a balloon payment on the homebuyer's loan).

The State of Indiana, Department of Financial Institutions, may require that an entity engaged in relending be licensed or regulated by the State of Indiana.

Rent Restrictions

If a unit has received Development Fund dollars only, the sponsor may propose rents that are affordable to families earning up to eighty percent of area median income. IHCDA will make the final determination regarding rent levels for such projects.

Underwriting Guidelines

The following items are underwriting guidelines for rental developments. However, applicants should be aware that these are averages and the numbers submitted should reflect the nature and true cost of the development proposed. IHCDA will consider any underwriting outside of these guidelines if supporting documentation is provided.

Operating Expenses:	IHCDA will consider the reasonableness of operating expenses for each Development based on information submitted by the Applicant as well as comparison to expenses for comparable projects.
Management Fee:	Five to seven percent of effective gross income, depending on number of units
Vacancy Rate:	Six to eight percent
Operating Reserves:	Four to six months
Replacement Reserves:	New Construction: $250 - $300; Rehabilitation: $300 - $350
Income Growth:	One to three percent per year
Operating Expense Growth:	Two to four percent per year

Expected Minimum Spread:	One percent between operating expense growth and rental income growth
Stabilized DCR:	1.15-1.35. For developments structured with no hard debt – minimum cash flow before deferred developer fee must be at least $250 per unit annually.

Affordability Requirements

There is a minimum 15-year affordability period for housing awards. If the award is made in conjunction with RHTCs, the project will be subject to the applicable extended use period. Applicants will be required to ensure the income eligibility of the beneficiary for homebuyer activities at the time the home is purchased or the assistance is provided.

Regulatory Requirements

All regulatory requirements of I.C. 5-20-4 must be met. Other regulatory requirements may apply depending on other sources of funding committed to the project.

Development Fund-assisted units must, at a minimum, meet the stricter of the local building codes or the Indiana State Building Code.

Eligible Activity Costs

The items listed below are included in the application budget. If you have a question about which line item an expense goes under, contact your IHCDA Production Analyst.

Acquisition – Limited to the purchase price (at or below appraised value) and related costs associated with the acquisition of real property. The recipient of a Development Fund award is required to use a title company when purchasing assisted properties. If the development is acquisition only, there should be no hard costs line item in the Uses of Funds exhibit.

New Construction **–**Eligible costs include:

- Hard costs associated with new construction activities.
- Utility connections including off-site connections from the property line to the adjacent street.
- Related infrastructure costs - improvements to the development site that are in keeping with improvements of surrounding, standard housing activities. Site improvements may include on-site roads and water and sewer lines necessary to the development.
- For multifamily rental housing, costs to construct an on-site management office, the apartment of a resident manager, or laundry or community facilities which are located within the same building as the housing and which are for the use of the tenants and their guests.
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners.
- Contingency funds used for unanticipated hard cost overruns or change orders.

Rehabilitation – Eligible costs include:

- Hard costs associated with rehabilitation activities.

- Lead-based paint interim controls and abatement costs.
- Mold remediation.
- Utility connections including off-site connections from the property line to the adjacent street.
- Related infrastructure costs - improvements to the development site that are in keeping with improvements of surrounding, standard developments. Site improvements may include on-site roads and water and sewer lines necessary to the development.
- For multifamily rental housing, costs to rehabilitate an on-site management office, the apartment of a resident manager, or laundry or community facilities which are located within the same building as the housing and which are for the use of the tenants and their guests.
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners.
- Contingency funds used for unanticipated hard cost overruns or change orders.

Demolition – Costs associated with the demolition and clearance of existing structures.

<u>Ineligible Costs</u>
The following costs are generally ineligible for reimbursement from Development Fund awards:

- Administration
- Program Delivery
- Relocation
- Replacement Reserves
- Operating Reserves
- Developer's Fee
- Cost associated with any IHCDA application preparation.
- Purchase or installation of luxury items, such as swimming pools or hot tubs.
- Purchase or installation of equipment, furnishings, tools, or other personal property that is not an integral structural feature, such as window air conditioner units or washers and dryers.
- Tenant based rental assistance.
- Mortgage default/delinquency correction or avoidance.
- Loan guarantys.
- Annual contributions for operation of public housing.